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TRADE ACCESSION AND FACILITATION FOR AFGHANISTAN (TAFA)

Quarterly Report: January - March 2013



A visitor to the Afghanistan Pavilion inhaled the aroma of Afghanistan's saffron at Gulfood 2013 in Dubai. TAFA facilitated the participation of local saffron traders in the world-renowned event to increase awareness of Afghanistan's high-quality saffron and boost exports of the lucrative spice.

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TRADE ACCESSION AND FACILITATION FOR AFGHANISTAN (TAFA)

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ACRONYMS

ABADE	Assistance in Building Afghanistan by Developing Enterprises
ABP	Afghan Border Police
ACBR	Afghanistan Central Business Registry
ACCI	Afghanistan Chamber of Commerce and Industries
ACD	Afghanistan Customs Department
AIESEC	Association Internationale des Etudiants en Sciences Economiques et Commerciales
AISA	Afghanistan Investment Support Agency
ANSA	Afghanistan National Standards Authority
APTTA	Afghanistan Pakistan Transit Trade Agreement
ASYCUDA	Automated System for Customs Data
BCP	Border Crossing Point
BMM	Border Management Model
CAR	Central Asian Region
CAREC	Central Asian Regional Economic Cooperation
CBTA	Cross Border Transport Agreement
CHAMP	Commercial Horticulture and Agricultural Marketing Project
CMR	Convention on the Contract for the International Carriage of Goods by Road
CSO	Central Statistics Office
CVA	Customs Valuation Agreement
DAB	Da Afghanistan Bank
EPAA	Export Promotion Agency of Afghanistan
FAIDA	Financial Access for Investing in the Development of Afghanistan
GIRoA	Government of the Islamic Republic of Afghanistan
GSP	Generalized System of Preferences
ICD	Inland Clearance Depot
IMF	International Monetary Fund
ISBN	International Standard Book Number
KIA	Kabul International Airport
MAIL	Ministry of Agriculture, Irrigation, and Livestock
MoCI	Ministry of Commerce and Industries
MoF	Ministry of Finance
Mol	Ministry of Interior
MoIC	Ministry of Information and Culture
MoJ	Ministry of Justice
MoTCA	Ministry of Transport and Civil Aviation
MoU	Memorandum of Understanding
PATTTA	Pakistan Afghanistan Tajikistan Transit Trade Agreement
REC	Regional Economic Cooperation
RoO	Rules of Origin
SAFTA	South Asian Free Trade Area
SATIS	South Asian Agreement on Trade in Services

SOP	Standard Operating Procedure
SPS	Sanitary and Phytosanitary
TAFA	Trade Accession and Facilitation for Afghanistan
TBT	Technical Barriers to Trade
TIFA	Trade and Investment Framework Agreement
TIR	Transports Internationaux Routiers
TPAU	Trade Policy Analysis Unit
TRIPS	Trade-Related Aspects of Intellectual Property
TRACECA	Transport Corridor Europe-Caucasus-Asia
USAID	United States Agency for International Development
USTR	United States Trade Representative
WTO	World Trade Organization

INTRODUCTION

The United States Agency for International Development (USAID), in cooperation with the Government of the Islamic Republic of Afghanistan (GIROA), designed the Trade Accession and Facilitation for Afghanistan (TAFAs) project and its successor project, TAFAs II, to help Afghanistan harness the trade and investment potential of its strategic location so that increased investment, exports, and market-based employment opportunities drive the country's economic growth.

TAFAs began on Nov. 18, 2009, and finished on Nov. 15, 2012. Building on the foundation of TAFAs, TAFAs II started on Nov. 16, 2012, and will run through Aug. 31, 2013. Like TAFAs, TAFAs II is implemented by a consortium led by Chemonics International with partner Economic Integration Forum and supports GIROA and the private sector to realize improved trade linkages and economic integration through three components: 1) trade policy liberalization; 2) customs reform; and 3) trade facilitation. Since the majority of TAFAs activities transitioned seamlessly into TAFAs II, this report will simply use "TAFAs" when referring to the project.

The objectives of TAFAs's three major components are described below:

Component 1: Trade Policy Liberalization

TAFAs's trade policy liberalization component is facilitating Afghanistan's accession to the World Trade Organization (WTO) to enable the country to formally join the global marketplace. TAFAs is also supporting Afghanistan in implementing regional trade agreements that allow the country to take advantage of its proximity to promising markets in South Asia and Central Asia. Through trade policy liberalization, GIROA and TAFAs are facilitating trade and improving economic opportunities for Afghanistan.

Component 2: Customs Reform

TAFAs's customs reform component is assisting the Afghanistan Customs Department (ACD) in modernizing its customs structure and streamlining customs procedures to allow the private sector to get products to market faster and sell them sooner. Through customs reform, TAFAs is aligning ACD with international best practices, speeding trade, and increasing GIROA's sustainable revenue.

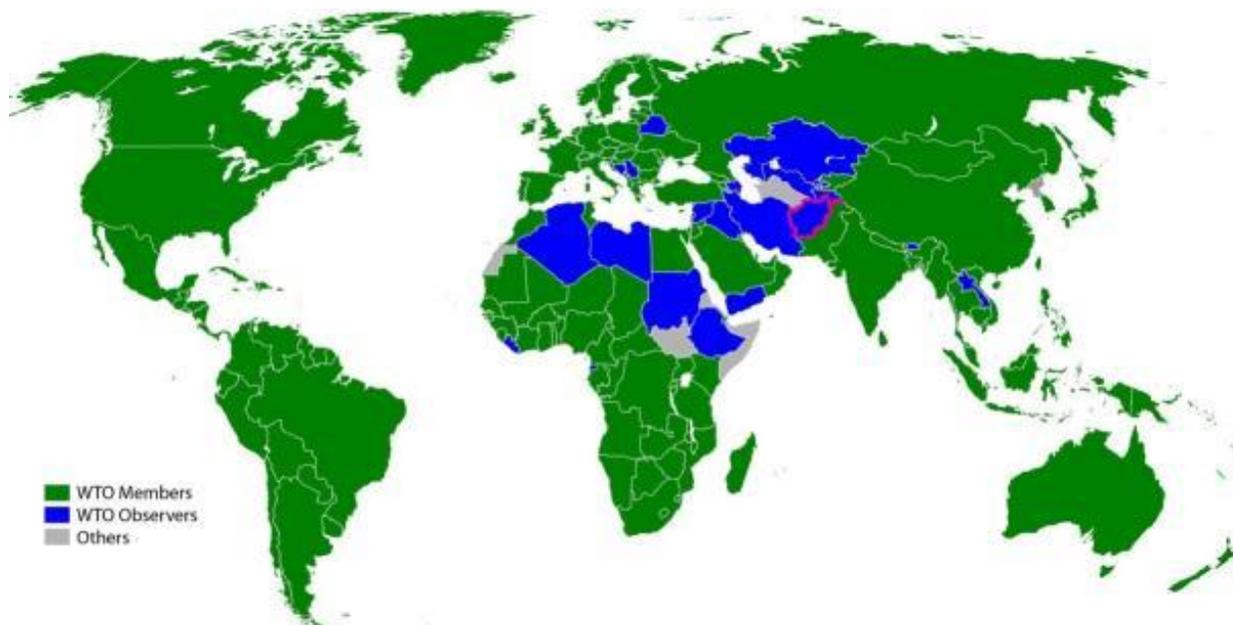
Component 3: Trade Facilitation

TAFAs's trade facilitation component works closely with the private sector to boost exports of high-value Afghan goods and to diversify Afghanistan's exports. The component also strengthens relationships among Afghan businesses to share best practices and market data and forges business ties between Afghanistan and its neighbors in South Asia and Central Asia. Through trade facilitation, TAFAs is supporting the Afghan private sector in identifying and obtaining new business opportunities that will increase the country's exports.

OVERVIEW OF QUARTERLY ACHIEVEMENTS

Component 1: Trade Policy Liberalization

- With TAFE support, GIRA answered questions from WTO members regarding its trade policies following its third Working Party meeting in December 2012 and sent the replies to the WTO in March.
- As a result of TAFE's assistance, GIRA successfully engaged in bilateral negotiations with the United States regarding market access for goods and services. TAFE also supported GIRA in preparing revised, improved offers on goods and services for the United States and other WTO members interested in trade with Afghanistan.
- TAFE worked closely with relevant ministries to finalize draft laws, regulations, and procedures required to conform to WTO agreements and principles. TAFE and the Ministry of Commerce and Industries (MoCI) also worked with the Ministry of Justice (MoJ) to underscore the urgency of passing Afghanistan's WTO-related laws and regulations in order to pave the way to accession.
- In an effort to bring ACD's operations up to WTO standards, TAFE began an institutional needs assessment at ACD for a Binding Decisions Unit, which determines proper tariffs on goods imported to or exported from Afghanistan, and an Intellectual Property Border Enforcement Unit, which works to prevent intellectual property breaches.



TAFE worked closely with GIRA toward WTO accession throughout the quarter. WTO accession will allow Afghanistan to join much of the world in benefitting from the WTO's dispute settlement body and internationally recognized trade rules that will open up new markets.

- In order to resolve challenges under the Afghanistan Pakistan Transit Trade Agreement (APTTA), TAFE supported GIRA in creating a letter of guarantee to be issued by Afghanistan's Ministry of Transport and Civil Aviation (MoTCA). The letter will serve as a

guarantee to Pakistani customs that MoTCA will be liable for customs duties and taxes if an Afghan vehicle transiting through Pakistan is diverted and sold on the local market.

- TAFE began assisting MoCI in reviewing a draft trilateral transit trade agreement proposed by the Pakistani government that would expand APTTA to include Tajikistan, Pakistan, and Afghanistan. In partnership with MoCI, TAFE prepared a comparison document between the new draft agreement, known as the Pakistan Afghanistan Tajikistan Transit Trade Agreement (PATTTA), and APTTA and drafted a counter-proposal.
- With TAFE support, the Ministry of Transport of Kyrgyzstan prepared a ratification package regarding Afghanistan's protocol of accession to the Cross Border Transport Agreement (CBTA) and circulated the package to Kyrgyz ministries and other government entities for approval. By the quarter's end, the Ministry of Transport, the Ministry of Economy, the State Committee for National Security, the Customs Committee, the Ministry of Foreign Affairs, the Ministry of Finance (MoF), and the MoJ gave their approval on the package.
- TAFE completed gap analyses on CBTA implementation in Tajikistan and Kyrgyzstan, including prioritized action items. In addition, TAFE completed a feasibility study for establishing a joint border post between Tajikistan and Afghanistan, prepared a draft joint border controls model for the two countries, and drafted a memorandum of understanding (MoU) for Tajikistan and Afghanistan regarding the establishment of joint border controls.
- In an effort to promote transit and trade with Afghanistan's other neighboring countries, TAFE assisted in preparing a draft CBTA-based agreement between Afghanistan and Turkmenistan and between Afghanistan and Uzbekistan.
- TAFE worked with ACD to prepare an in-depth, annual analysis on trade and revenue, including statistics on revenue and trade, transit of goods, and an analysis of Afghanistan's current tariff structure.
- With the support of TAFE, the Ministry of Information and Culture (MoIC) submitted books published in Afghanistan and assigned International Standard Book Numbers (ISBNs) to the national public library for the first time in Afghanistan's history.
- TAFE worked closely with the Afghanistan National Standards Authority (ANSA) to complete a strategy and a draft MoU to bring a foreign accreditation body to Afghanistan to assess national laboratories that provide data required for export-related certificates. TAFE also worked closely with ANSA to design a new website for the organization.

Component 2: Customs Reform

- TAFE assessed the annual monetized benefits of streamlined customs procedures at the Kandahar Inland Clearance Depot (ICD) and performed a reassessment of the benefits of the procedures at Kabul International Airport (KIA). TAFE determined monetized benefits currently realized (\$1,135,358 at Kandahar ICD and \$800,326 at KIA) and monetized benefits not realized (\$1,666,118 at Kandahar ICD and \$816,880 at KIA) due to a lack of compliance with ACD's approved blueprint on customs clearance procedures.

- TAFAs monitored the risk management process and mentored KIA customs officials to identify a baseline of trader compliance and the increase in revenue that could be achieved through the proper examination of goods. TAFAs determined risk management is effective and the level of compliance at KIA is far higher than originally reported by ACD's KIA staff.



ACD officials inspected a trader's imported cargo at KIA as part of the risk management process that TAFAs helped to implement at the airport. TAFAs worked with ACD to monitor the process during the quarter and determined the approach was effective.

- TAFAs made progress on the implementation of ACD's national anti-smuggling hotline within ACD. TAFAs, in partnership with ACD, identified the appropriate software and hardware for the system, installed multiple phone lines with one phone number so that callers do not encounter a busy signal, and configured and tested the equipment.
- TAFAs conducted trainings for 62 ACD employees on the use of pocket notebooks and finalized a database to record issuance of the notebooks, which are used by law enforcement officials worldwide to officially record significant information.
- As a result of TAFAs's support, Da Afghanistan Bank (DAB) and ACD agreed in principle on standard operating procedures (SOPs) that TAFAs developed that will enable traders to pay their customs debts electronically. Upon finalization of the Dari version of the SOPs, DAB and ACD will formally sign the SOPs.
- TAFAs supported ACD in its use of a biometric attendance reader at its Kabul headquarters and found that compliance with the new system was high, with an apparent reduction in absences and early departures.
- With TAFAs's support, 20 female university graduates began internships under ACD's new internship program for women. The internships will enable the women to work in different components of ACD and pave the way to possible permanent positions at ACD.

- TAFE worked with the human resources team of ACD and the MoF to conduct 22 workshops for more than 200 staff on the development and production of annual work and training plans.
- As a result of TAFE's efforts, the Minister of Transport and Civil Aviation sent a request to the Ministry of Foreign Affairs asking that the ministry write to the UN Secretary General to formally request accession to the Convention on the Contract for the International Carriage of Goods by Road (CMR Convention). Accession to this convention is a prerequisite for the reactivation of the Transports Internationaux Routiers (TIR) Convention in Afghanistan.
- In preparation for rollout to other locations, TAFE drafted national SOPs for the Border Management Model (BMM) based on existing location-specific SOPs and the BMM principles.

Component 3: Trade Facilitation

- TAFE supported eight Afghan saffron traders in their participation in the Gulfood Exhibition in Dubai, United Arab Emirates. One of the saffron companies scored three deals worth almost \$375,000, opened a branch in Dubai, and tripled its long-term staff to prepare for additional contracts.¹ Several possible deals are also under discussion, including four contracts for 1,550 kilograms valued at around \$3 million.



A buyer inspected Afghanistan's saffron at the Gulfood Exhibition in Dubai. TAFE supported the participation of local saffron traders to help increase exports of the valuable product.

¹ The deals occurred in April 2013.

- TAFAs began preparing for the participation of Afghan traders in AgroWorld and the WorldFood Exhibition in April in Tashkent, Uzbekistan. AgroWorld is an exhibition targeting the agricultural sector, while WorldFood is the country's largest food exhibition and attracts thousands of representatives in the domestic and international food industry.
- TAFAs worked with USAID's Financial Access for Investing in the Development of Afghanistan (FAIDA) project to organize a roundtable in March between Afghan marble suppliers and banks to give marble suppliers information about accessing loans. TAFAs' informal interviews with suppliers indicated they were interested in securing about \$11 million worth of loans to upgrade equipment and purchase marble slabs. Forty-five participants attended the event.
- TAFAs worked closely with the Export Promotion Agency of Afghanistan (EPAA) to support the organization in preparing an action plan and to assess the capacity of its staff and the services the organization offers to exporters. TAFAs also worked with EPAA on an analysis of financial services offered by commercial banks to exporters and how these services could be integrated into EPAA's portfolio of services.
- TAFAs provided support for a visit to Kabul by representatives of USAID's Regional Economic Cooperation (REC) project based in Kazakhstan. REC met with several high-level officials of Afghanistan's private and public sector and agreed to conduct business-to-business meetings in Almaty for Afghan exporters and in Kabul for Kazakh and Uzbek exporters.

COMPONENT 1: TRADE POLICY LIBERALIZATION

TAFAs trade policy liberalization component works with GIRoA to improve opportunities for Afghan businesses, create jobs, and facilitate trade through accession to the WTO; implementation of bilateral, regional, and international trade and transit agreements; and on-the-job training and institutional coordination.

1. World Trade Organization

Afghanistan submitted its application for WTO accession in November 2004, and the country began making rapid progress toward accession with TAFAs support in early 2010. WTO agreements reflect best business practices, and the WTO Secretariat provides a forum for negotiations and dispute resolutions. To accede, Afghanistan must make binding commitments that facilitate trade, reflect WTO rules in its laws, and eliminate WTO inconsistencies. During the quarter, TAFAs began working with MoCI to help prepare GIRoA for its fourth Working Party meeting tentatively scheduled for the last week of June 2013.

a. Preparation of Replies to WTO Member Questions

In preparation for Afghanistan's fourth Working Party meeting, TAFAs began supporting MoCI in answering questions submitted by WTO members following Afghanistan's third Working Party meeting held in December 2012. WTO accession involves member countries asking questions and obtaining clarifications on the applicant country's trade policies and institutions to ensure they are in conformity with WTO.

Afghanistan received questions from the European Union and Chinese Taipei following its third Working Party meeting. In early February, TAFAs organized a working group meeting with MoCI to review the questions and identified relevant stakeholders to answer the questions. TAFAs supported GIRoA in the facilitation, collection, analysis, and preparation of the final replies, which were sent to the WTO Secretariat in March 2013. Afghanistan received additional questions from the United States in April 2013.



WORLD TRADE
ORGANIZATION

TAFAs continued to work closely with the Afghan government to meet WTO requirements, including supporting MoCI to answer questions from WTO members following Afghanistan's third Working Party meeting.

b. Bilateral Market Access Negotiations

At the margins of the Trade and Investment Framework Agreement (TIFA) meeting in Washington, D.C. on Feb. 27-28, Afghanistan and the United States Trade Representative (USTR) held a third round of bilateral negotiations on market access for services and a second round of bilateral negotiations on market access for goods, with a focus on non-agricultural goods.

One of the requirements for acceding to the WTO is negotiating market access on goods and services with WTO members interested in exporting goods and services to Afghanistan. Market access for goods and services in the WTO refers to the extent to which an imported good or service can compete in another country with the goods or services made in that country. Market access in the WTO refers to tariffs in the case of goods, such as agricultural products, and regulations and conditions in the case of services, such as banking.

At the TIFA meeting, the United States and Afghanistan agreed in principle on the schedule of commitments, or maximum tariff levels, on non-agricultural goods with minor amendments on information technology products and civil aircraft. The United States also said it appreciated Afghanistan's efforts to improve its initial market access offer on services submitted in November 2012 to take into account U.S. requests, and the United States made additional requests for improvement at the meeting.

TAFAs assisted Afghanistan in understanding the U.S. requests at the TIFA meeting and facilitated consultations with relevant ministries and stakeholders to address these requests following the TIFA meeting. With TAFAs support, GIRoA prepared a revised market access offer focusing on non-agricultural goods and a revised offer on services by the end of the quarter. The documents were ready for submission to the United States in preparation for the next round of bilateral negotiations on goods and services, which will be conducted through video conferencing.

In addition to U.S. requests, Afghanistan received requests from seven other WTO members regarding market access for goods and services. The chart below lists all WTO members interested in market access negotiations regarding goods and services with Afghanistan.

WTO MEMBERS INTERESTED IN MARKET ACCESS NEGOTIATIONS WITH AFGHANISTAN		
WTO Member	Goods	Services
Canada	X	
Chinese Taipei	X	X
European Union	X	X
Japan		X
Norway	X	X
Thailand	X	
Turkey	X	
United States	X	X

During the quarter, TAFE facilitated a series of meetings between MoCI and key ministries and state bodies, including the MoF, DAB, the Afghanistan Investment Support Agency (AISA), and the Ministry of Agriculture, Irrigation, and Livestock (MAIL), to discuss requests of the WTO members on Afghanistan’s market access offer on goods and services and to get their feedback on these requests.

TAFE supported GIRoA in drafting revised offers on goods and services for the interested WTO members by the end of the quarter. MoCI is awaiting final approval from the ministries prior to submission to the respective countries.

In light of revised offers on goods and services, Afghanistan is prepared to conduct its next round of bilateral negotiations with the relevant WTO members. A round of bilateral market access negotiations will take place in Geneva, Switzerland, from April 29 through May 4 with all interested countries, except the United States. Afghanistan will conduct bilateral negotiations with the United States through video conferencing.

c. Policy and Legislative Reforms for WTO Conformity

Ahead of the fourth Working Party meeting, GIRoA, with TAFE support, continued to pursue major legal reforms as part of the accession process. In order to become a WTO member, an acceding country must adjust its national laws and regulations, mainly those related to customs, foreign trade, food safety, animal and plant health, investment, and intellectual property, for conformity with WTO agreements to a satisfactory level for Working Party members.

Throughout the quarter, TAFE continued to work closely with different ministries to finalize draft laws, regulations, and procedures required to conform to WTO agreements and principles. On Feb. 18, TAFE organized and participated in a meeting with Technical Deputy Minister of Justice Mohammad Yousof Haleem and Deputy Minister of Trade Mozammil Shinwari to discuss Afghanistan’s overall WTO legislative action plan for 2013. TAFE and MoCI underscored the importance of legal reforms and the short deadline that Afghanistan has for passing WTO-related laws and regulations. The MoJ was optimistic about including most WTO-related laws on the agenda for 2013. The Minister of Commerce and Industries sent a letter with the legislative action plan to the MoJ following the meeting, emphasizing the critical need to include all drafts on the MoJ agenda for 2013.

The below table summarizes Afghanistan’s legislative progress toward WTO conformity as of the end of the quarter:

AFGHANISTAN’S LEGISLATIVE ACTION PLAN AS OF MARCH 31, 2013				
No.	Legislation	WTO Agreement	Responsible Party	Activities During the Quarter
1	Law on Plant Protection and Quarantine (new law)	Sanitary and Phytosanitary (SPS)	MAIL	<ul style="list-style-type: none"> • No comments from WTO members regarding most recent version • Draft at MoJ

AFGHANISTAN'S LEGISLATIVE ACTION PLAN AS OF MARCH 31, 2013

No.	Legislation	WTO Agreement	Responsible Party	Activities During the Quarter
2	Law on Animal Health and Veterinary (new law)	SPS	MAIL	<ul style="list-style-type: none"> No comments from WTO members regarding previous version Major revisions were introduced to the draft coordinated with TAFE and the European Union Draft ready for submission to MoJ and re-submission to the WTO
3	Law on Food Safety (new law)	SPS	Ministry of Public Health, MAIL	<ul style="list-style-type: none"> No comments from WTO members Draft at MoJ
4	Law on Standards and Technical Regulations (new law)	Technical Barriers to Trade (TBT)	ANSA	<ul style="list-style-type: none"> No comments from WTO members Draft being approved by ANSA before submission to MoJ
5	Amendments to the 2005 Customs Law	Customs Valuation Agreement (CVA), Rules of Origin (RoO)	ACD	<ul style="list-style-type: none"> No comments from WTO members Structural revisions to the draft at MoJ
6	Procedure on CVA Interpretative Notes	CVA	ACD	<ul style="list-style-type: none"> Draft finalized at ACD No comments from WTO members
7	Procedure on Advance Origin Rulings	RoO	ACD	<ul style="list-style-type: none"> Draft finalized at ACD No comments from WTO members
8	Procedure on Intellectual Property Border Enforcement	Trade-Related Aspects of Intellectual Property Rights (TRIPS)	ACD	<ul style="list-style-type: none"> Draft finalized at ACD No comments from WTO members
9	Amendments to the Law on Supporting the Rights of Inventors and Discoverers of 31 April 2009 (patents law)	TRIPS	MoCI	<ul style="list-style-type: none"> No comments from WTO members Significant amendments, mostly non-WTO related, introduced by MoCI Legal Department. TAFE reviewed and ensured best practices. Draft at MoJ
10	Amendments to the Law on Trade Marks Registration of 1 September 2009	TRIPS	MoCI	<ul style="list-style-type: none"> No comments from WTO members Significant amendments, mostly non-WTO related, introduced by MoCI Legal Department. TAFE reviewed and ensured best practices. Draft at MoJ
11	Amendments to the Law on Supporting the Right of Authors, Composers, Artists, and Researchers of 26 July 2008 (copyrights law)	TRIPS	MoIC	<ul style="list-style-type: none"> No comments from WTO members Draft at MoJ

AFGHANISTAN'S LEGISLATIVE ACTION PLAN AS OF MARCH 31, 2013

No.	Legislation	WTO Agreement	Responsible Party	Activities During the Quarter
12	Law on Geographical Indications (new law)	TRIPS	MoCI	<ul style="list-style-type: none"> • No comments from WTO members • Draft at MoJ
13	Law on Industrial Designs (new law)	TRIPS	MoCI	<ul style="list-style-type: none"> • No comments from WTO members • Draft at MoJ
14	Draft amendments to the Civil Procedure Code (Chapter Three) of 22 August 1990	TRIPS	MoCI	<ul style="list-style-type: none"> • No comments from WTO members • Draft at MoJ
15	Law on Trade Secrets (new law)	TRIPS	MoCI	<ul style="list-style-type: none"> • Draft finalized by working group at MoCI • Draft ready for submission to the WTO
16	Law on Topography of Integrated Circuits (new law)	TRIPS	MoCI	<ul style="list-style-type: none"> • Draft finalized by working group at MoCI • Draft ready for submission to the WTO
17	Unfair Competition provisions in the Draft Law on Consumer Protection	TRIPS	MoCI	<ul style="list-style-type: none"> • Draft provisions finalized and introduced to the Draft Law on Consumer Protection. • Draft at MoJ • Draft provisions ready for submission to the WTO
18	Regulations on Optical Disks (new law)	TRIPS	MoIC	<ul style="list-style-type: none"> • Draft finalized by working group at MoIC • Draft ready for submission to the WTO
19	Law on Plant Variety Protection (new law)	TRIPS	MAIL	<ul style="list-style-type: none"> • Model draft law prepared • Working group established and initial discussions launched • Process stopped by MAIL requesting that a national strategy and policy first be developed and citing lack of institutional capacity to implement this law once adopted
20	Amendments to the Law on Publication and Enforcement of Legislation of 1998	General transparency measure	MoCI, MoJ	<ul style="list-style-type: none"> • No comments from WTO members • Draft at MoJ
21	Amendments to the Regulation on Legislative Drafting Procedure	General transparency measure	MoCI, MoJ	<ul style="list-style-type: none"> • No comments from WTO members • Draft slightly revised at MoJ • Revised draft to be resent to the WTO
22	Law on Foreign Trade in Goods (new law)	General Agreement on Tariffs and Trade and Import Licensing	MoCI	<ul style="list-style-type: none"> • No comments from WTO members • Draft ready to be sent to MoJ

AFGHANISTAN'S LEGISLATIVE ACTION PLAN AS OF MARCH 31, 2013				
No.	Legislation	WTO Agreement	Responsible Party	Activities During the Quarter
		Procedures		
23	Law on Safeguards (new law)	Agreement on Safeguards	MoCI	<ul style="list-style-type: none"> • No comments from WTO members • Draft ready to be sent to MoJ

In addition to the above systemic laws, TAFE began working with MoCI on other legislative pieces that are not required by WTO but that are beneficial to the implementation of WTO provisions. These pieces of legislation will be added to the legislative action plan before the next Working Party meeting. These will include the Value Added Tax Law, amendments to the Income Tax Law, and regulations on licensing.

d. Institutional Reforms for WTO Conformity

WTO agreements require the establishment of new institutions and the strengthening of certain existing ones. During the quarter, TAFE worked with ACD to begin a needs assessment for a Binding Decisions Unit and an Intellectual Property Border Enforcement Unit within ACD to help Afghanistan comply with WTO standards.

The Binding Decisions Unit will provide “rule of origins” rulings, which determine whether a good to be imported qualifies as originating from a particular country and is thus eligible for preferential tariff treatment, and “tariff classification” rulings, which determine the proper tariff heading, subheading, and applicable duty rate for a good to be imported to or exported from Afghanistan. The unit’s binding decisions, also known as advance rulings, are formal instructions on how ACD will apply certain rules to goods. The unit will help Afghanistan conform to WTO standards.

In support of the needs assessment, TAFE reviewed the draft order on binding decisions, developed a fact sheet for publication on the ACD website, and developed guidelines on the procedures for ACD staff.

TAFE also began an institutional needs assessment regarding the establishment of an Intellectual Property Border Enforcement Unit at ACD that will work to prevent intellectual property breaches. The unit will help ACD to enforce intellectual property rights at Afghanistan’s border and detain goods suspected of infringing national trademark and copyright laws.

In support of the establishment of this unit, TAFE reviewed the draft regulation on enforcement of intellectual property rights at Afghanistan’ customs borders, developed a fact sheet for publication on the ACD’s website, and guidelines for customs staff.

2. Bilateral and Regional Integration Initiatives

With technical assistance from TAFE, GIRA signed regional agreements that are facilitating exports. TAFE is working closely with GIRA to implement the agreements and to educate

stakeholders about the specifics, significance, and benefits of these agreements. In partnership with GIRA, Tafa is also pursuing other regional agreements that will open up trading opportunities and boost the Afghan economy.

During the quarter, Tafa continued activities to facilitate the implementation of the Central Asian Regional Economic Cooperation Cross-Border Transport Agreement (CAREC-CBTA) and the implementation of the South Asian Free Trade Area (SAFTA) agreement and APTTA as well as other regional initiatives.

a. South Asian Free Trade Area Agreement and South Asian Agreement on Trade in Services

Throughout the quarter, Tafa continued support to MoCI's Trade Policy Analysis Unit (TPAU) and the Multilateral Agreements Department on conducting additional analysis to reduce the number of goods on Afghanistan's sensitive list. A sensitive list is a list of products that are of special interest to an individual member country and that are exempted from low SAFTA tariffs. Broader and deeper trade liberalization is achieved by reducing the number of goods on the sensitive list.

Tafa facilitated the ratification of the SAFTA agreement in January 2011, and SAFTA came into effect on August 2011. SAFTA provides access for Afghan exports to the markets of the other SAFTA signatories, including Pakistan, India, Nepal, Bhutan, Bangladesh, the Maldives, and Sri Lanka.

During the quarter, Tafa also assisted MoCI in the preparation of a preliminary offer on services for South Asian Agreement on Trade in Services (SATIS) negotiations based on the initial WTO services offer. With Tafa support, Afghanistan became a signatory of SATIS in April 2010. SATIS is an agreement which focuses specifically on trade in services between Afghanistan, Pakistan, India, Nepal, Bhutan, Bangladesh, the Maldives, and Sri Lanka.

b. Afghanistan Pakistan Transit Trade Agreement

During the quarter, Tafa continued to support GIRA and private-sector stakeholders in addressing obstacles to Afghan transit trade through Pakistan under APTTA. APTTA, signed in October 2010, links Afghanistan to the world via three Pakistani seaports at Karachi, Qasim, and Gwadar, where Afghan trucks can load goods and return with imports from Pakistan or third countries. Tafa provided support to the Afghan government in negotiating the agreement and is facilitating implementation of APTTA.

Following discussions with MoCI, MoTCA, the Afghanistan Chamber of Commerce and Industries (ACCI), the Afghanistan Association of Freight Forwarding Companies, and transport operators, Tafa assisted in creating a letter of guarantee that will be issued by MoTCA.

The letter of guarantee will act as an administrative carnet de passage, or a document that serves as a guarantee by MoTCA to Pakistani customs authorities that MoTCA will be liable for

customs duties and associated taxes in the event an Afghan vehicle transiting through Pakistan is diverted and sold on the local market.

The letter of guarantee will allow Afghan trucks carrying fresh and dried fruit to travel to Wagah, which is located on Pakistan’s border with India, without the payment of customs duties and without requiring expensive bank guarantees called for under APTTA. Authorized Pakistani banks are often unwilling to provide the bank guarantees for Afghan trucks due to low profitability and perceived high risk, although there has been no history of any Afghan trucks disappearing in Pakistan.

For traders and truckers lacking those bank guarantees, fruit is unloaded from an Afghan truck and loaded onto a Pakistani truck in Peshawar or Chaman, both of which are located in Pakistan near its border with Afghanistan. This wastes time and money for Afghan traders and increases the risk of damaged or stolen fruit.

The new letter of guarantee assures that MoTCA will be liable for import duties and associated charges in the unlikely event that the truck is diverted into Pakistan and sold on the local market.



TAFa supported GIROA in creating a letter of guarantee that will allow Afghan trucks to carry fresh and dried fruit to Wagah on Pakistan’s border with India, for export to India.

MoCI and MoTCA have approved the letter of guarantee, which will be sent to the Ministry of Foreign Affairs for submission to Pakistan. Upon approval from Pakistan, the letter of guarantee will become operational. Once the letter of guarantee proves successful in enabling Afghan trucks to drive to Wagah, the system may be expanded to apply to other transit trade and routes through Pakistan.

TAFA also worked with GIRoA to draft a Pakistan-to-Afghanistan version of the letter of guarantee that would permit Pakistan to benefit from a similar scheme. Separately, TAFA and GIRoA drafted a possible “carnet-de-passage” form that will expand the options available to the parties to address APTTA challenges.

In addition, TAFA supported MoCI and ACD in developing a customs notification, which lists the procedures and forms necessary for Afghanistan to fully implement provisions of APTTA. The customs notification covers, for example, the forms and conditions required for the issuance of bank guarantees on Pakistani trucks transiting through Afghanistan and lays down key requirements such as insurance guarantees for Pakistani imports transiting through Afghanistan.

In February, TAFA began assisting MoCI in reviewing a draft trilateral transit trade agreement proposed by the Pakistani government that would expand APTTA to include Tajikistan, Pakistan, and Afghanistan. In partnership with MoCI, TAFA prepared a comparison document between the new draft agreement, known as PATTTA, and APTTA. TAFA and MoCI also prepared a memorandum analyzing the proposed changes, including additions in the proposed transit routes, and prepared a draft counter-proposal. The negotiations to add Tajikistan are not likely to be launched until the new Pakistani government is formed, which is expected by mid-2013.

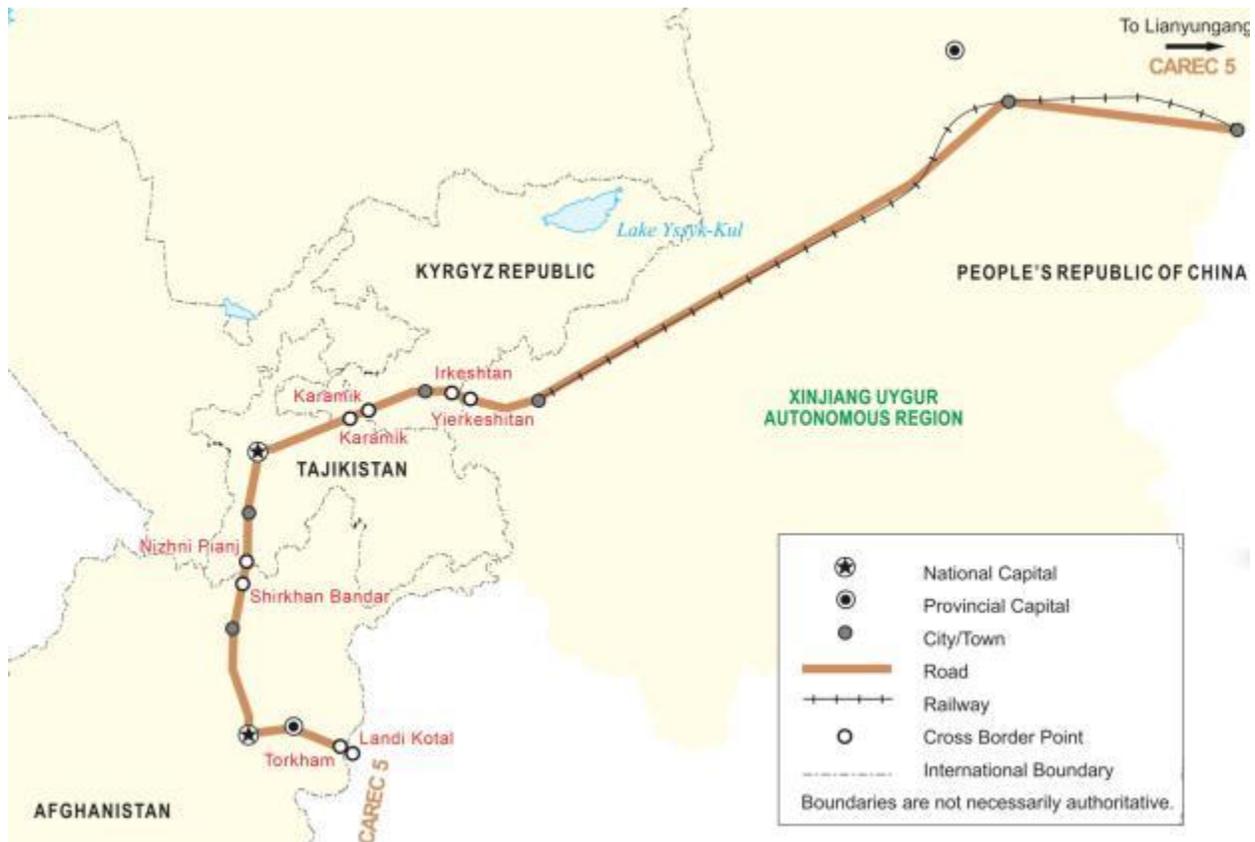


TAFA supported MoCI in reviewing a draft proposal from Pakistan to expand APTTA and create a trilateral agreement between Afghanistan, Pakistan, and Tajikistan, which is outlined in a dotted red line above.

c. Cross-Border Transit Agreement

Throughout the quarter, TAFE continued activities to assist in the implementation of the CBTA between Afghanistan, Tajikistan, and Kyrgyzstan. The CBTA will facilitate the movement of goods, vehicles, and people along the CAREC Corridor 5. Starting from Torkham, Afghanistan, at the border of Pakistan, the corridor continues through Jalalabad to Kabul, Kunduz, and Shir Khan Bandar. It passes through Kurgan Tyube, Dushanbe, and Karamik from the border crossing of Nizhni Pianj in Tajikistan. It also runs to the border of China via Kyrgyzstan's Karamik, Sary Tash, and Irkeshtam.

The CBTA was signed and ratified between Tajikistan and Kyrgyzstan in 2010. Tajikistan and Afghanistan signed the protocol on the accession of Afghanistan to CBTA in 2011. Kyrgyzstan had to complete internal approval procedures before signing the protocol on Afghanistan's accession.



TAFE worked with the Afghan, Kyrgyz, and Tajik governments to implement the CBTA signed between Afghanistan, Kyrgyzstan, and Tajikistan. The CBTA is designed to facilitate transport, transit, and trade along Corridor 5, which runs through the three countries as shown above.

Kyrgyzstan

Throughout the quarter, TAFE worked with the Kyrgyz government to address the questions on Afghanistan's protocol of accession and to revive the approval process. TAFE held several meetings with the seven relevant ministries. With TAFE support, the Kyrgyz Ministry of Transport prepared the ratification package along with supporting justification and circulated the package to the ministries for approval. By the end of the quarter, the Kyrgyz Ministry of Transport, the Ministry of Economy, the State Committee for National Security, the Customs Committee, the Ministry of Foreign Affairs, the Ministry of Finance, and the Ministry of Justice all gave their approval.

By the end of the quarter, the ratification package was ready for submission to three relevant parliament committees within the Kyrgyz Parliament: the Committee on International Affairs, the Committee on Budget and Finance, and the Committee on Transport. In order to build support for ratification, TAFE held meetings with the committees, which must provide a positive opinion prior to a vote by the Kyrgyz Parliament. TAFE will continue to shepherd this process until ratification is secured.

During the quarter, TAFE completed a gap analysis for CBTA implementation in Kyrgyzstan, including prioritized action items. TAFE also began a comparative analysis of the customs laws of Kyrgyzstan, Tajikistan, and Afghanistan for compliance with the Revised Kyoto Convention, which is an international convention that addresses simplification and harmonization of customs procedures. The customs laws of Afghanistan, Kyrgyzstan, and Tajikistan have varying degrees of adherence to the Revised Kyoto Convention, and the first step to implementing customs reforms for the three countries is ensuring adherence to the convention.

Tajikistan

During the quarter, TAFE completed a gap analysis for Tajikistan describing the current status and prioritized actions required to implement the CBTA. In addition, TAFE completed a feasibility study for establishing a joint border post between Tajikistan and Afghanistan at the Shirhan Bandar-Nijni Pyange Border Crossing Point (BCP).

TAFE prepared a draft joint border controls model and a draft MoU for consideration by Tajikistan and Afghanistan to agree on establishing joint border controls. The CBTA promotes the establishment of joint border posts and joint border control with the aim of facilitating trade, transport, and transit among and through member countries.

Tajikistan suggested the MoU be narrowed down to information exchange and harmonization of documents at the initial stages, given the security challenges related to joint physical controls. As a result, TAFE developed another MoU to promote cross-border cooperation with a particular focus on exchange of information through electronic means and harmonization of procedures and documents. TAFE also promoted acceptance by Afghanistan and Tajikistan of the Mutual Cooperation (Assistance) Agreement, which is a draft agreement between Tajik customs and ACD to promote cooperation between both customs authorities.

In partnership with ACD and Tajik customs, TAFE collected information regarding equipment, such as scanners, on both sides of the border in order to make recommendations to share and maximize use of the available equipment by both countries. In addition, TAFE collected preliminary information regarding the Tajik customs information technology system. TAFE determined that an interface will need to be developed in order for the Tajik customs information technology system to communicate with the Automated System for Customs Data (ASYCUDA) in Afghanistan. In addition, TAFE worked with the Tajik and Kyrgyz governments to begin to develop a list of data elements that will need to be exchanged between Tajikistan and Kyrgyzstan under an electronic data interchange system.

TAFE began evaluating the Tajik single administrative document and Afghan customs declaration forms for harmonization and compliance with the UN Layout Key, which is a master layout design from which other trade documents can be derived. It organizes information in a box format in fixed locations on a document to ensure the same information and data are found in the same places on all documents.

In coordination with Tajik customs authorities, TAFE also continued to work on a catalogue of all trade procedures in Tajikistan, including required steps and documents, fees, and time required. TAFE finalized a schedule of fees and taxes collected at border and clearance points so that Tajik customs can post these schedules, as well as a phone number for complaints, at border crossing and clearance points.

During the quarter, TAFE worked with Afghan and Tajik traders to continue preparation of a note highlighting the top six problems facing traders in Tajikistan and recommendations to address these problems. TAFE held several meetings with the private sector, customs brokers, and freight forwarders to prepare the note.

Turkmenistan

In an effort to promote transit and trade with its other neighboring countries, TAFE assisted in preparing an initial draft CBTA-based agreement between Afghanistan and Turkmenistan covering trade and transit. The proposal for such an agreement was shared with the Turkmen government during the visit of President Karzai to Turkmenistan in March 2013. Turkmenistan was receptive to the proposal and indicated its readiness to start negotiations as early as April.

Uzbekistan

During the quarter, TAFE assisted in the preparation of a similar draft agreement between Afghanistan and Uzbekistan. GIRA will submit the draft model trade and transit agreement to Uzbekistan for consideration.

TAFE continued promoting dialogue between Afghanistan and Uzbekistan, and Uzbekistan indicated its interest in improving cooperation with Afghanistan and resuming the work of a Joint Economic Commission after many years of hiatus.

d. Transit Corridor Europe-Caucasia-Asia

The Transport Corridor Europe-Caucasus-Asia (TRACECA) is a European Union-funded technical assistance program for the development of the transport corridor between Europe and Asia across the Black Sea region, Caucasus, and Central Asia.

TAFAs continued facilitating the process of G10A joining TRACECA. The Afghan Embassy in Azerbaijan, which is TRACECA's depositary, worked with the Ministry of Foreign Affairs of Azerbaijan to secure a non-objection from Iran, the only country which has not provided its non-objection to Afghanistan joining TRACECA. Iran has a deadline to respond on the matter by May. Once Iran's non-objection is secured, Afghanistan will be able to join in September 2013. The TRACECA Secretariat in Baku, Azerbaijan, has indicated it is optimistic that this will happen.

3. Inter-Agency Coordination and Capacity Building

TAFAs is working to develop Afghan capacity to formulate strong, well-coordinated trade and tariff policies that contribute to an improved trade environment. TAFAs also assists the Afghan government in forecasting and studying the impact of trade liberalization and integration, including the impact on revenue, trade flow, consumers, and producers.

a. Ministry of Commerce and Industries

Throughout the quarter, TAFAs continued to provide day-to-day support to MoCI to build its capacity related to WTO accession as well as other trade liberalization and facilitation issues. This included working closely with the WTO Unit on preparation for the next round of WTO negotiations, the TPAU on conducting analysis in support of broader and deeper integration, the Transit Department with regard to APTTA, and trade issues related to neighboring countries, and the Multilateral and Bilateral Trade Departments in advancing regional and bilateral initiatives.

During the quarter, TAFAs assisted MoCI in developing a pilot portal for inter-ministerial cooperation regarding WTO issues and organized a seminar in partnership with MoCI to build the capacity of journalists and ministerial media liaisons on the WTO by educating them on the organization, accession process, terminology, and benefits. TAFAs also worked with the private sector, civil society organizations, and academia to begin launching the process of developing a coordination mechanism to increase their engagement in WTO and trade policy issues.

TAFAs worked with the TPAU in designing analytical tools and economic models that can demonstrate the impact of trade liberalization policies. TAFAs also provided on-the-job-training to the TPAU to operate a trade database and economic models to forecast trade.

With the support of TAFAs, the TPAU also developed a database of sensitive items, which helps inform negotiations with neighboring countries to negotiate tariff rates and reduce the number of tariff lines on sensitive lists. In addition, the TPAU and TAFAs developed a tariff database in a

format required by WTO member countries to negotiate bound rates on goods. With the use of the database, GIRoA was able to submit its revised offer on goods to relevant WTO members this quarter.

TAFAs work with various units at MoCI also included specific activities such as conducting tariff analysis on sectors with a focus on meat and frozen poultry and assessing benefits for Turkmenistan in using Afghanistan as transit route.

b. Afghanistan Customs Department

Throughout the quarter, TAFAs continued supporting ACDs Tariff Research Statistics Unit. In January, ACD changed its reporting period from the solar calendar (March 21 to March 20) to the Gregorian calendar (January 1 to December 31). TAFAs assisted the unit in reconciling trade and revenue data from all customs houses and assisted in the design of new reporting forms on revenue and trade for the customs houses.

During the quarter, TAFAs worked with ACD to prepare an in-depth, annual analysis on trade and revenue. The analysis contains statistics on revenue, trade by country, transit of goods, and an analysis of the current tariff structure. TAFAs also supported ACD in adding tariff rates for SAFTA countries in the ASYCUDA tariff database.

c. Ministry of Information and Culture

In January, the MoIC submitted books published in Afghanistan and assigned International Standard Book Numbers (ISBNs) to the national public library with the support of TAFAs. These were the first books in Afghanistan's public library to have an ISBN, which is a unique numeric



ISBNs are numeric commercial book identifiers. With TAFAs support, MoIC delivered Afghan books with ISBNs to the country's public library; that marked the first time the library received local books that meet international standards.

commercial book identifier that is used across the world. With TAFE's support, the MoIC assigned ISBNs to local publishers for the first time in late 2012, providing them with the opportunity to identify Afghanistan's books in an internationally recognized manner and keep track of sales.

Throughout the quarter, TAFE provided guidance to MoIC on forming a copyright review board and a copyright association. TAFE worked with MoIC to draft and finalize a form allowing individuals to apply for registration of copyrights. In addition, TAFE provide guidance on joining the Berne Convention on the Protection of Literary and Artistic Works, which is an international agreement governing copyrights. WTO membership requires acceding countries to have proper enforcement of copyright legislation prior to accession.

d. Afghanistan National Standards Authority

During the quarter, TAFE worked with ANSA to develop a strategy to bring a foreign accreditation body to Afghanistan to assess the operations of national laboratories that provide data needed for the issuance of export-related certificates.

Afghan exporters often face difficulties in obtaining international recognition of the certificates and statements that accompany their exports. Accreditation is the globally recognized method for validating competence in laboratories and will help to increase confidence in Afghanistan's laboratories.

The foreign accreditation body would establish an operating baseline for the assessed laboratories and thereby determine what corrective action is required of the national laboratories to obtain accreditation. The strategy developed by ANSA and TAFE gives preference to accreditation bodies based in countries belonging to the



TAFE toured laboratories in Kabul to prepare a strategy to bring a foreign accreditation body to Afghanistan to assess national laboratories. One laboratory visited by TAFE measured the strength of concrete samples, pictured above.

South Asian Association of Regional Cooperation, which includes Afghanistan's primary export markets.

In support of the strategy, TAFa worked with ANSA to draft an MoU between ANSA and the future accreditation body. The MoU identifies opportunities for cooperation between the parties in the areas of conformity assessment and accreditation.

TAFa also worked closely with ANSA to develop a new website for the organization. The design of the English-version of the website is complete, and ANSA is preparing to upload information to the site.

COMPONENT 2: CUSTOMS REFORM

Customs revenue accounts for about 50 percent of the Afghan government's revenue. With customs contributing such a vital part of Afghanistan's budget, TAFE is supporting ACD in increasing revenue, reducing corruption, facilitating trade, and aligning with international best practices.

1. Customs Procedures

a. Streamlined Customs Procedures

Since the project's start in late 2009, TAFE has worked with ACD to streamline customs clearance procedures to reduce inefficiency and corruption. To date, ACD and TAFE have streamlined customs procedures at the Jalalabad ICD, Kandahar ICD, Herat ICD, Sher Khan Bandar ICD, KIA, Kabul ICD, and Hairatan ICD. These efficient customs procedures boost trade, create jobs, and increase government revenue.

During the quarter, TAFE continuously monitored the implementation of streamlined clearance procedures at locations where it has a presence, specifically Hairatan, Jalalabad, and Herat, and reported instances of non-compliance to ACD for further action.

During the reporting period, TAFE assessed the annual monetized benefits of streamlined customs procedures at the Kandahar ICD and performed a reassessment of the benefits of the streamlined procedures at KIA. These reports showed the benefits currently realized as well as the benefits lost due to a lack of compliance with ACD's approved blueprint on customs clearance procedures. The reports also show additional monetized benefits with the introduction of risk management at KIA last June and the anticipated benefits of risk management when the strategy is implemented at the Kandahar ICD.

MONETIZED BENEFITS OF STREAMLINED CUSTOMS PROCEDURES AND RISK MANAGEMENT			
Location	Monetized Benefits with Current Implementation	Monetized Benefits with Implementation	Estimated Monetized Benefits with Risk Management Implementation
KIA	\$800,326	\$816,880	\$44,646
Kandahar	\$1,135,358	\$1,666,118	\$374,374

In a further attempt to streamline procedures, TAFE began assisting ACD in an assessment of the need for the ASYCDUA T1 transit authorization at the Zaranj BCP on Afghanistan's border with Iran, the Hairatan BCP on Afghanistan's border with Uzbekistan, the Sher Khan Bandar

BCP on Afghanistan's border with Tajikistan, and the Aqina BCP on Afghanistan's border with Turkmenistan.

The assessment focused on whether the T1 transit authorization form is required to minimize the risk of the diversion of goods or is an unnecessary control measure and a barrier to trade. To aid this review, TAFAs national consultant based in Mazar-i Sharif travelled to Aquina and to Sher Khan Bandar to review the current processes and infrastructure at the sites. TAFAs will share these initial reports with ACD's new transit director, and TAFAs will support ACD in writing a final report.

b. Risk Management at Kabul International Airport

In the first half of 2012, TAFAs worked with ACD to enable Afghanistan to meet an International Monetary Fund (IMF) benchmark that called for the introduction of risk management to clear cargo imports. A risk management strategy facilitates trade by reducing interventions on compliant traders and effectively targeting non-compliant traders.

In June 2012, ACD began using the ASYCUDA selectivity module to determine the level of customs intervention on cargo imports at KIA. ASYCUDA now assesses the risk associated with each consignment and assigns each import to a particular customs scrutiny activity, or processing lane. ASYCUDA channels potentially high-risk cargo to a red lane for a physical exam and moderate-risk cargo through a yellow lane for a documentary check. Remaining cargo is regarded as low risk and goes through the green lane for immediate release. The system also randomly selects cargo for a physical exam as an added measure to manage risk.

In February, TAFAs began monitoring the risk management process at KIA and mentored KIA customs officials to identify a baseline of trader compliance and the increase in revenue that could be achieved through the proper examination of goods. Upon the exercise's completion in March, TAFAs prepared a comprehensive report on the review and submitted the report to USAID in early April.

TAFAs determined that the risk management approach is effective and that the level of compliance at KIA is far higher than was originally reported by ACD staff based there. Preliminary data obtained from ASYCUDA identified a continually high percentage of the overall revenue being collected within green lane declarations (cargo not selected for examination). In fact, a slightly higher amount of revenue was collected in the green lane (where only 25 percent of goods were routed), compared with the red lane (where more than 60 percent of goods were routed).

ACD and TAFAs will discuss the findings of the exercise with the Risk Management Committee. Based on the review, TAFAs will advise that the green lane can be increased further with minimal risk to revenue. ACD officials at KIA had formerly expressed concern regarding allowing cargo to go through green lanes without physical or documentary examination.



An ACD official processed a customs declaration form after the ASYCUDA system identified the cargo import for the red lane, or physical examination.

TAFAs national staff members from Jalalabad and Hairatan participated in a portion of the exercise at KIA to observe the risk management process. This will enable them to spread awareness of risk management, which will ease implementation in the regions.

c. National Anti-Smuggling Hotline

During the quarter, TAFAs and ACD made progress on the implementation of a national anti-smuggling hotline within ACD. Anti-smuggling hotlines, or tip lines, provide a mechanism for the public or traders to report customs-related information. ACD's national anti-smuggling hotline will direct all voice calls to a computer-operated answering machine in ACD's Central Intelligence Unit. This will ensure that all calls are automatically answered, with the opportunity for callers to either leave information anonymously or request an ACD officer call them back.

During the quarter, TAFAs, in partnership with ACD, identified the appropriate software and hardware for the system and installed multiple phone lines with one telephone number so that callers do not encounter a busy signal. TAFAs and ACD configured and tested the equipment and resolved problems with the configuration. TAFAs and ACD anticipate that the hotline will be operational in May. TAFAs also designed and began the printing of materials, including stickers and large posters, for a nationwide communications campaign to educate people on the hotline.

d. Pocket Notebooks

During the reporting period, TAFa began conducting trainings in partnership with ACD on the use of pocket notebooks. Pocket notebooks are used by law enforcement officials worldwide to officially record significant information. The notebooks ensure information is recorded in a standardized manner that is easily auditable by senior management.

During the quarter, TAFa and ACD trained a total of 62 ACD employees. Over the course of the training, TAFa built the capacity of two of the ACD enforcement staff so they can now deliver the training on their own. TAFa also finalized a database to record the issuance of pocket notebooks to officers. The database is ready for hosting on a MoF server. After the database is placed on the MoF server, TAFa will hand over the 1,000 pocket notebooks it procured to ACD so that it can issue them to enforcement officers.



An ACD employee examined a pocket notebook provided by TAFa. TAFa and ACD trained staff on how to use the pocket notebooks, which will help to provide a standardized approach to collecting information.

e. Electronic Payment of Customs Debts

As a result of TAFa's support, DAB and ACD agreed in principle on SOPs that TAFa developed that will enable traders to pay their customs debts electronically. Upon finalization of the Dari version of the SOPs, DAB and ACD will formally sign the SOPs. When the SOPs are implemented, traders will be able to pay customs debts electronically through their accounts at their commercial bank or with cash over the counter at that commercial bank. The commercial bank will then remit the payment to the ACD account, which is held at DAB.

During the quarter, TAFa also launched work to upgrade technical systems at DAB to allow DAB to facilitate electronic payments to ACD as well as other government organizations. TAFa began work on marketing material, including a logo, fliers, posters and web-based advertisements to promote traders' understanding and use of electronic payment.

TAFa and ACD expect that the pilot will begin in May 2013. With TAFa support, ACD will pilot the electronic payment system at KIA for four weeks. The system will then be rolled out to the Kabul ICD, Jalalabad ICD, and Kabul ICD.

Electronic payment of customs debts will facilitate trade, streamline the process of declaring goods, reduce opportunities for corruption, assist the banking sector by enabling money to remain within the banking system longer, and reduce the government's overhead costs.



TAFa began preparing marketing materials, including the possible logo above, to promote the electronic payment of customs duties.

2. Customs Management

With the support of TAFa, ACD is restructuring its organization, in part to reach critical IMF benchmarks. Other more immediate concerns revolve around the need to bring in revenue for the country, to eliminate the possibility for corruption, and to align with international best practices for customs.

a. Biometric Attendance System

With TAFa support, ACD continued its pilot of a biometric attendance system at its headquarters in Kabul. Under the new system, ACD employees must log their attendance with their fingerprint rather than their signature, and managers can review electronic attendance reports. ACD began piloting the biometric attendance reader on Dec. 21, the start of the Afghan month.

In January, TAFa trained MoF attendance officers on how to extract data from the machine, enabling them to reconcile the electronic information with the manual register that will be phased out. After a revision in the ACD organizational structure that resulted in the issuance of

new identification numbers for employees, TAFE assisted ACD in registration of all ACD headquarters staff in the biometric system during the quarter.

TAFE found that compliance with the new system at ACD headquarters was high, and ACD did not encounter any significant problem with the system. While ACD management requested that TAFE support a rollout of the initiative to other major customs locations, the MoF stated a desire to first implement the system throughout the MoF.

An analysis of the electronic data on the customs grade 6 to grade 3 officers, which comprises 182 staff, showed a 90 percent compliance rate on a daily basis with correct arrival and departure times. It is not possible to demonstrate whether this is an improvement as the previous handwritten ledger system was subject to abuse and failed to accurately measure attendance. However, full-day absences and early departures appear to have ceased due to the requirement to be physically present at ACD for the biometric readers.

The new system leaves no room for the corruption or inaccurate information possible with a manual attendance system. For example, the manual attendance system could enable the payment of salaries for staff that do not exist or could allow an employee who has been absent to sign in for those days upon his or her return.

b. Female Internship Program

With TAFE support, 20 female university graduates began internships on Feb. 2 under ACD's new internship program for women. The women's six-month internships will enable them to



With TAFE support, ACD began an internship program for 20 female university graduates on Feb. 2. TAFE's Chief of Party addressed the interns at the start of the program.

work in the different departments of ACD and will pave the way to possible permanent positions for them at ACD.

During their internships, the women will rotate between the three main directorates of ACD to gain a full understanding of customs activities. TAFE identified the qualified university students in partnership with USAID's Women in Government (WIG) project.

On Feb. 18, TAFE organized a women-only forum for the interns to give them the opportunity to freely share their concerns and learn from other professional women. TAFE's Chief of Party as well as other female TAFE national and international staff members facilitated the discussion. TAFE organized a second forum on March 30 that was attended by USAID female and male management.

c. Customs and Trade Consultative Council

In late 2012, TAFE supported ACD in the preparation of terms of reference for a Customs and Trade Consultative Council (CTCC) that will serve as a consultative mechanism between ACD and the private sector and promote effective coordination and increase communications.

With a change in ACD's top management, including the position of Director General, occurring at ACD in March, the inaugural meeting of the CTCC was delayed until the incoming Director General could be briefed on the council. TAFE explained the concept to the new Director General following his appointment in April. He said the CTCC ranks high on his agenda, and the first meeting is scheduled for April.

d. Strategic Planning

In February, TAFE worked with the human resources team of ACD and the MoF to conduct 22 workshops for more than 200 staff on the development and production of annual work and training plans.

Although this activity was targeted at grade 3 and 4 managers, many other sections attended. This activity will help ACD officials to produce ACD's annual work plan and a technical training review for 2013.

e. Transports Internationaux Routiers Convention

Throughout the quarter, TAFE continued working with MoTCA and ACD to assist in the reactivation of the TIR Convention. The TIR Convention is an international customs transit system that makes it easier for goods to move across the roads of member countries. TIR was established in 1975 and Afghanistan joined in 1976, but Afghanistan has not been recently active in the system.

TAFE worked with MoTCA and ACD in preparing a list of customs offices for TIR operation, departure and destination routes, and specifications for customs stamps necessary under TIR.

While ACD had approved the design of the TIR certificate of approval that will be issued by ACD for trucks, TAFE will need to reintroduce the certificate to senior management following the leadership changes at ACD. TAFE briefed ACD's new Director General on TIR in general and specifically on the need to assign staff to a National TIR Technical Committee.

The TIR Convention will provide significant added value to Afghanistan because Afghanistan is a landlocked country and four of its border countries are part of the TIR Convention: Iran, Turkmenistan, Uzbekistan, and Tajikistan.

In January, TAFE started discussions and initial planning with MoTCA for the legal processes necessary for Afghanistan's accession to the CMR Convention, which is a United Nations convention that relates to various legal issues concerning transportation of cargo by road. Accession to this convention is a prerequisite for the reactivation of the TIR Convention in Afghanistan.

As a result of TAFE's efforts, the Minister of Transport and Civil Aviation sent a request to the Ministry of Foreign Affairs asking that the ministry write to the UN Secretary General to formally request accession to the CMR convention.

f. Border Management Model

The IMF established a benchmark that required GIRA to develop a BMM based on international best practices. The BMM requires joint management of border activities between the Ministry of Interior (MoI) and MoF – specifically between the Afghanistan Border Police (ABP), which falls under the MoI, and ACD, which falls under the MoF. With the assistance of TAFE and the Border Management Task Force, GIRA implemented the BMM at Hairatan, on Afghanistan's border with Uzbekistan; Sher Khan Bandar on Afghanistan's border with Tajikistan; and Islam Qala on the country's border with Iran.

To facilitate the roll out of the BMM to further locations and meet an additional IMF benchmark on this important initiative, the International Security Assistance Force initiated weekly meetings between ABP and ACD. ABP, following a change in leadership, requested that national SOPs be developed for the BMM. During the quarter, TAFE drafted the national SOPs based on existing location-specific SOPs and the BMM principles.

ABP has been reviewing the national SOPs for several weeks and has indicated that it would like command and control of the Afghanistan Customs Police under the SOPs. TAFE has advised both ACD and ABP that this is a separate issue, which will take considerable time to resolve and must be dealt with separately.

COMPONENT 3: TRADE FACILITATION

TAFAs new Component 3 team leader joined the project in December 2012 and continued building TAFAs export promotion team during the reporting period by hiring three local staff members to help implement trade facilitation activities. TAFAs Component 3 focuses on increasing the exports of Afghan traders by linking them with new buyers, especially in the Central Asian Republics (CAR) and South Asia.

Export Promotion and Regional Integration

During the quarter, TAFAs began facilitating regional exhibitions and business-to-business meetings that will enable Afghan traders in lucrative sectors to forge relationships with international buyers and increase their exports.

a. Gulfood Exhibition

In the first such exhibition, TAFAs supported eight Afghan saffron traders in their participation in the Gulfood Exhibition from Feb. 25-28 in Dubai, United Arab Emirates, to help them generate business deals and boost recognition of Afghanistans high-quality saffron. The Gulfood



The Afghan pavilion, featuring photos of Afghanistans high-value products such as saffron, pomegranates, and apples, attracted hundreds of visitors at Gulfood in Dubai.

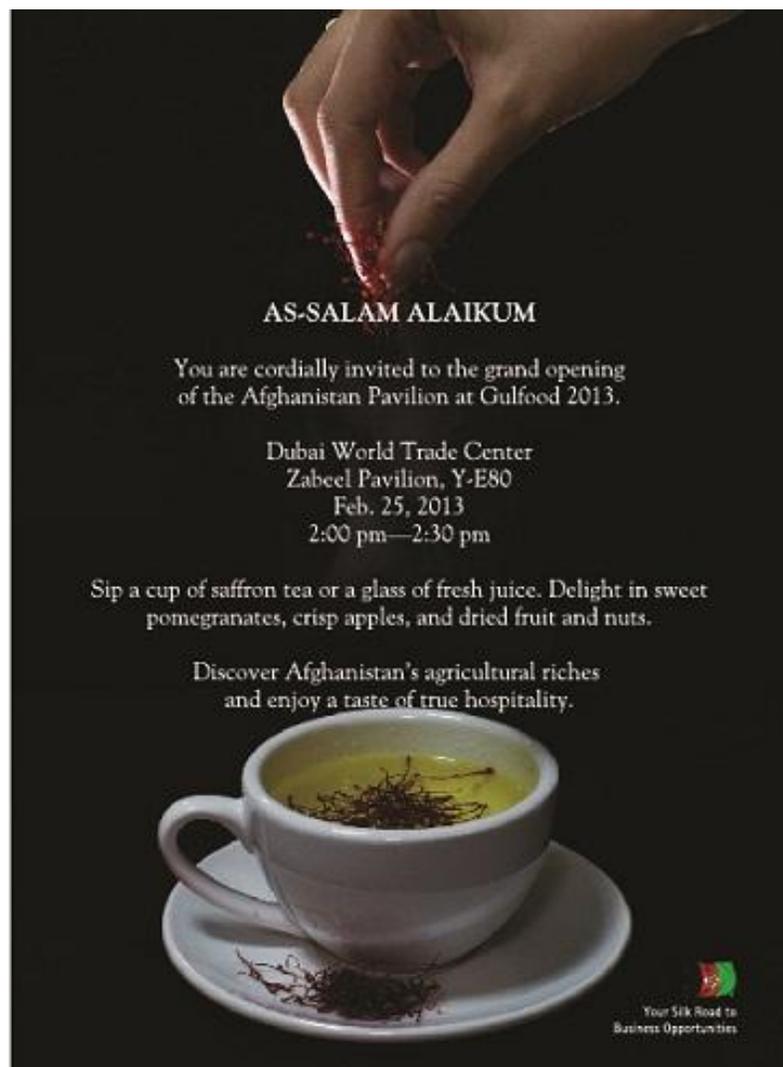
Exhibition, held at the Dubai World Trade Centre, is the Middle East's largest business event focusing on the food and beverage industry and bringing together thousands of buyers, suppliers, and food enthusiasts from around the world.

TAFAs partnered with USAID's FAIDA and USAID's Commercial Horticulture and Agricultural Marketing Project (CHAMP) projects to share expenses related to renting space and decorating

Afghanistan's booth at Gulfood. FAIDA and CHAMP invited juice, fresh fruit, and dried fruit and nut traders. In total, 27 Afghan traders in fresh produce, saffron, dried fruit, nuts, juice concentrate, and juice participated in Gulfood.

TAFAs traveled to Dubai with the Afghan saffron traders and organized about 20 business-to-business meetings between them and international saffron buyers from countries such as Italy, France, Spain, India, Saudi Arabia, United Arab Emirates, and Pakistan. In addition, hundreds of Gulfood participants visited the Afghan pavilion to sample products and discuss deals.

TAFAs found that there was substantial interest in Afghanistan's saffron due to its high quality and organic taste as well as economic sanctions in place on Iran, currently the world's largest saffron producer. Afghanistan's price, however,



TAFAs prepared marketing materials, including an invitation featuring Afghan saffron, for the Gulfood Exhibition.

was higher than that of competitors such as Iran, which offers subsidies to its saffron producers. Iranian saffron companies sold saffron at \$1,400 per kilogram, while Afghan saffron traders sold saffron at about \$1,800 per kilogram. Some Afghan traders were willing to lower their prices, but said they would have trouble making a profit.

Afghan saffron companies received quotes from potential buyers for around 3,000 tons, while Afghanistan produced 2,680 tons of saffron for 2012. The interest indicates huge potential for the expansion of saffron production and sales.

One of the participating companies, Afghanistan Red Gold Saffron, scored three deals worth almost \$375,000, opened a new branch in Dubai, and tripled its long-term staff to prepare for the strong likelihood of additional lucrative contracts.² In addition to the signed deals, several possible deals are under discussion, including four contracts for the supply 1,550 kilograms of saffron valued at around \$3 million.

TAFAs discovered that challenges facing the saffron sector include certification, packaging equipment, and branding. In an effort to strengthen Afghanistan's saffron sector, TAFAs will educate saffron traders on how to obtain certification at a saffron roundtable in Herat in April. TAFAs will look for possible support to saffron companies on packaging equipment purchases through USAID's Assistance in Building Afghanistan by Developing Enterprises (ABADE). ABADE could contribute one-third of the costs of the equipment, and the company or companies could provide the remaining two-thirds. In addition, TAFAs will write a concept note for branding Afghanistan's saffron and will introduce the note to different USAID projects for possible support.

According to TAFAs's research, Afghanistan's saffron industry has the potential to grow from \$10 million to as much as \$100 million over the next 10 years. Afghanistan's saffron received first prize for quality among 16 competing countries at an international exhibition in December 2012.

b. AgroWorld and WorldFood Exhibition

During the quarter, TAFAs began preparing for the participation of Afghan traders in AgroWorld and the WorldFood Exhibition on April 3-5 in Tashkent, Uzbekistan. TAFAs consulted with EPAA, the Almond Association, the Mazar Dried Fruit Association, and other partners to identify the traders. TAFAs partnered with CHAMP to share expenses related to renting space and decorating Afghanistan's booth.

AgroWorld is held concurrently with the WorldFood Exhibition, and both events will allow Afghan traders to present their products, make business contacts, and forge deals. AgroWorld is an exhibition targeting the agricultural sector, while WorldFood is the Uzbekistan's largest food exhibition and attracts 5,000 suppliers, producers, traders, and big names in the domestic and international food industry.

The Afghan traders encountered challenges in getting visas, and only three of 12 companies (five Afghans total) obtained a visa. TAFAs received business cards and samples of dried and fresh fruit and nuts from the other companies to distribute them at the event in their absence. TAFAs also recruited sales professionals to assist in staffing the Afghan booth and presenting information to potential buyers. TAFAs will report results of the event in the next quarterly report.

² The deals occurred in April 2013.

c. Access to Finance for the Marble Sector

During the quarter, TAFE worked with USAID's FAIDA to organize a roundtable in Herat between Afghan marble suppliers and banks to give marble suppliers information about accessing loans. TAFE received a stop-work order due to funding challenges that prevented Component 3 staff from attending the event, which occurred on March 10.

The roundtable, funded by FAIDA and implemented in coordination with TAFE, provided access to finance for marble processing and extracting companies based in Herat. The need for such an event became apparent after TAFE received several requests from marble processing and extracting companies on support in getting a loan in order to expand their businesses.

TAFE contacted several marble companies and provided FAIDA with information on loan amounts, type, and purpose for the companies. TAFE's informal interviews with the suppliers indicated they were interested in securing about \$11 million worth of loans to upgrade their marble processing equipment and purchase large quantities of marble slabs.

Forty-five participants attended the event, including representatives and members of the Herat Marble Association, AISA, Directorate of Mines, Afghanistan International Bank, Ghanzanfar Bank, First Microfinance Bank and Azizi Bank. FAIDA is following up on potential loans that may have resulted from this roundtable. TAFE will host a subsequent workshop in May in concert with the FAIDA project.

d. Export Promotion Agency of Afghanistan

TAFE worked closely with EPAA to support the organization in preparing a strategy and to assess the capacity of its staff and the services the organization offers to exporters. TAFE prepared an assessment and action plan as a part of an overall sustainability plan for EPAA. The plan focused support on immediate organizational and functional needs to revitalize the agency. TAFE will begin preparing a long-term business plan in April.

TAFE also worked with EPAA on an analysis of financial services offered by commercial banks for exporters and how these services could be integrated into EPAA's portfolio of services. TAFE and EPAA met with several commercial banks. The commercial banks expressed a strong interest in working with exporters and could offer services that attract exporters. EPAA prepared a matrix with commercial bank services to help exporters understand the financial services available to them.

In March, TAFE conducted a workshop for EPAA on successes from the Gulfood Exhibition and challenges facing Afghanistan's saffron sector. TAFE conducted the workshop to transfer knowledge and build the capacity of EPAA staff. The presentation will enable EPAA to facilitate contracts and deals for Afghan saffron companies.

In addition, TAFE prepared a study on procedures for exporting dried fruit and nuts through KIA and developed training materials based on the study to build the capacity of EPAA staff to

disseminate such information to traders. TAFE will use a marble study developed by AISA to develop similar training materials to build EPAA's capacity in that sector.

e. Regional Collaboration

On March 24-29, TAFE provided support for a Kabul visit by the Chief of Party and Trade Partnership Expert of USAID's REC project, implemented by Chemonics and based in Kazakhstan. The purpose of the visit was to forge stronger trade links between Afghanistan and CAR.

REC met with several high-level Afghan officials in the private and public sector, including the Deputy Minister of Trade of MoCI, the Chief Executive Officer of EPAA, the President of AISA, the Director General of ACD, and the Chief Executive Officer of ACCI. TAFE and REC discussed future collaboration and agreed to conduct business-to-business meetings in June in Almaty for Afghan exporters and thereafter in Kabul for Kazakh and Uzbek exporters.

CROSS-CUTTING ISSUES

TAFAs works to build the capacity of marginalized groups, such as youth and women, so that they can improve their knowledge of trade issues and help contribute to Afghanistan's economy. While TAFAs includes women and youth in its project-wide efforts wherever possible, TAFAs also conducts targeted trainings and activities to build the capacity of the two groups.

1. Women

On Jan. 7-8, TAFAs conducted marketing training for businesswomen belonging to the Federation of Afghan Traders in order to help the women grow their businesses. Participants learned the key elements of marketing, including segmentation and targeting, the four Ps (product, price, place, and promotion), advertising, branding, entering a foreign market, and finding foreign buyers for their products. Better understanding of the principles of marketing will help Afghan businesswomen sell their goods in foreign markets.

On Jan. 17, TAFAs provided training on ACD's streamlined customs procedures for eight businesswomen to help the women understand customs procedures and more easily engage in trade. TAFAs trained the women on the new streamlined procedures that ACD implemented with TAFAs support at customs locations across Afghanistan. The participants had the opportunity to ask questions on the customs procedures and how to import and export their goods.

On Jan. 23, TAFAs organized a tour of KIA, the Kabul ICD, and the One Stop Shop for the businesswomen. The tour allowed the women to observe customs procedures in action and share their problems related to exporting and importing. TAFAs helped to establish the One Stop Shop in early 2011 in an effort to bring most processing of export documents under one roof.



In partnership with ACD, TAFAs organized a tour of customs operations at KIA, the Kabul ICD, and the One Stop Shop for Afghan businesswomen.

On Feb. 11, TAFAs conducted training on how to choose products for businesses for 20 female participants identified by the Federation of Afghanistan Craftsmen & Traders. The training was designed for people who are interested in starting a business but do not know how to do it. On March 16, TAFAs conducted a workshop for 22 businesswomen on how to find buyers for their products.

2. Youth

TAFAs began an internship program in October 2011 to help university students studying economics or business to gain professional experience that would help them land permanent jobs that will contribute to the growth of Afghanistan. TAFAs partnered with Kabul University and Association Internationale des Etudiants en Sciences Economiques et Commerciales, a French youth organization that operates in Afghanistan, to identify qualified interns to work at TAFAs, government ministries, and other relevant organizations. TAFAs provides the interns with a stipend.

Since the start of the program in October 2011, TAFAs hired a total of 32 interns, including 16 females and 16 males. At the end of March 2013, TAFAs had 15 interns working in TAFAs as well as at MoCI's Afghanistan Central Business Registry (ACBR), ACCI, and ANSA. Through TAFAs's support, 13 of the interns that TAFAs hired have obtained full-time jobs with different organizations.

KABUL UNIVERSITY INTERNS						
TAFAs sectors	Total since activity start in Oct. 2011			Total as of March 31, 2013		
	Total	Females	Males	Total	Females	Males
TAFAs Component 1	6	3	3	2	1	1
TAFAs Component 2	8	3	5	4	2	2
TAFAs Component 3	4	3	1	0	0	0
TAFAs Cross-cutting issues (gender and youth)	1	1	0	0	0	0
TAFAs Administrative (finance and human resources)	2	2	0	0	0	0
TAFAs Communication	1	0	1	0	0	0
MoCI/ACBR	4	1	3	3	1	2
ANSA	3	2	1	3	2	1
ACCI	3	1	2	3	1	2
TOTAL	32	16	16	15	7	8

On Feb. 6, TAFAs held marketing training for 30 young entrepreneurs from the Azad Andizhan Youth Association to help them learn basic marketing principles and expand their businesses. TAFAs covered the importance of marketing, where people can find customers, strategies for entering new markets, and the importance of proper labeling and packaging.

On Feb. 25, TAFAs and the Kabul Chamber of Commerce and Industries held a meeting with 44 young entrepreneurs to introduce them to the concept of a youth trade forum. The forum will meet once a month and offer the entrepreneurs the opportunity to share trade-related

information and challenges with each other as well as with government and non-government organizations. On March 31, TAFa and KCCI organized the second youth trade forum, which included 50 male and female traders.

SNAPSHOTS



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AFGHANISTAN

SNAPSHOT

Saffron Trader Grows into New Markets

Gulfood 2013 is helping increase exports and awareness of Afghanistan's saffron.



A potential buyer takes in the aroma of Afghan saffron at Gulfood 2013 in Dubai last February. Afghanistan Red Gold Saffron Co., one of the companies that participated in the exhibition with USAID support, has entered new markets and tripled its staff in light of demand.

"We've achieved our expectations by expanding our market to more countries and reaching more customers," said Barakatullah Rahmati, the chief executive officer of Afghanistan Red Gold Saffron Co.

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Barakatullah Rahmati had high expectations for his company's participation in the renowned Gulfood Exhibition in Dubai last February, and he wasn't disappointed. As a result of Gulfood, the chief executive officer of Afghanistan Red Gold Saffron Co. scored initial deals worth almost \$375,000, opened a new branch in Dubai, and tripled his long-term staff to prepare for the strong likelihood of additional lucrative contracts.

"We've achieved our expectations by expanding our market to more countries and reaching more customers," said Rahmati, one of eight saffron traders who participated in Gulfood with USAID support.

Rahmati and the other traders met with buyers from countries such as Saudi Arabia and France and gave out samples of their high-quality saffron. As a result, Rahmati sent 50 kg of saffron worth \$70,000 to a buyer in Spain. He will send another 200 kg worth \$290,000 to the Spanish buyer and 10 kg worth \$14,450 to an Italian buyer. Those deals are likely the first of many.

"[The Spanish buyer was] very satisfied with the quality of the services we provide – fast delivery, good documentation, etc. – and they are satisfied with the quality of the saffron itself," said Rahmati. "It's their desire to continue business, and we are working on a long-term agreement."

In light of the robust demand at Gulfood 2013 and during USAID-organized visits to Dubai's spice market and supermarkets, Rahmati opened up a branch in Dubai and boosted his long-term staff from 12 to 35. He increased short-term staff, those involved in harvesting and processing, from 250 to 600.

With the help of Gulfood, Afghanistan Red Gold Saffron has positioned itself to take advantage of an industry poised to take off. According to USAID research, Afghanistan's saffron industry has the potential to grow from \$10 million to as much as \$100 million over the next 10 years.



SNAPSHOT Afghan Books Meet Global Standards

Afghan books are now published with a globally recognized code called an ISBN.



Publisher Mohammad Hussain Mohammadi and author Javid Kotwal show off their books printed with International Standard Book Numbers (ISBNs).

"We increased our number of clients, because we publish books with ISBNs while others don't," said Mohammad Hussain Mohammadi, the owner and editor-in-chief of a local publisher called Taak Publication. "ISBNs enable me to market and attract clients."

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While the Afghanistan Public Library had Afghan literature that spanned centuries sitting on its shelves, the library never had local books that met modern-day standards until last month.

Last January, the Ministry of Information and Culture (MoIC) delivered Afghan books printed with International Standard Book Numbers (ISBNs) to the library for the first time.

ISBNs can be found on the bottom, left-hand corner of the back cover of most books published in the last four decades. The 13-digit code identifies the country, publisher, edition, and title of a book in an internationally recognized manner. ISBNs are used by publishers, libraries, universities, and booksellers worldwide for more efficient ordering, marketing, and stock control.

With USAID support, MoIC issued Afghan publishers as well as the publishing department of Afghanistan's Ministry of Education an ISBN prefix. The prefix is specific to Afghanistan and remains the same among all Afghan books, but the publisher can change the latter half of the ISBN to reflect the details of the particular book it is publishing.

"Now my publishing company has a good name among authors," said Mohammad Hussain Mohammadi, the owner and editor-in-chief of Taak Publication. "We increased our number of clients, because we publish books with ISBNs while others don't. ISBNs enable me to market and attract clients."

In order to raise awareness of how to use ISBNs and the importance of the codes, USAID and MoIC conducted an awareness session for local publishers, distributed a manual to publishers to help them understand how to assign ISBNs to their publications, and created an informational page on the ministry's website to answer any questions.

"I knew it was necessary that my book has an ISBN number," said Javid Kotwal, an author of a book on the Afghan Parliament. "This will help give my book international recognition and credibility. If someone scans the barcode of my book anywhere in the world they will identify the title, publisher, and author."



USAID
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AFGHANISTAN

SNAPSHOT

Afghan Saffron: A Recipe for Success

Afghanistan's saffron wins a fan in acclaimed chef Thomas Gugler.



A sauce with Afghan saffron accompanies fried sea bass in a recipe created by a famed chef after he received a sample of the spice at Gulfood 2013 in Dubai.

"The quality of [Afghanistan's] saffron is extremely good, and the color and smell is amazing," said Thomas Gugler, an award-winning chef. "From now on [I will use] Afghan saffron, because geographically and quality-wise it's the best."

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With decades at top restaurants and multiple culinary awards to his name, Thomas Gugler has always known the value of saffron. However, the German-born top chef now has a new source for the "edible gold", as he refers to it, after creating a gourmet recipe with Afghan saffron.

"The quality of [Afghanistan's] saffron is extremely good, and the color and smell is amazing," said Gugler, head chef at the luxury seven-star AlMashfa Hospital in Saudi Arabia and continental director of the World Association of Chefs Societies for Africa and the Middle East. "From now on [I will use] Afghan saffron, because geographically and quality-wise it's the best."

Gugler received a saffron sample at the Afghanistan pavilion at Gulfood, a renowned food and hospitality exhibition, in February. USAID organized the participation of Afghan saffron, fruit, and nut traders in the Dubai event. Gugler used the saffron to make a dish he calls "Sea Bass Fillet on a Celeriac Scallop Hush with Rice Tabbouleh and Saffron Pumpkin Muslin."

Gugler said interest in saffron, often regarded as the most expensive spice in the world, has grown over the years. "Consumers are into exotic products which can be costly but the output is so amazing that the majority of gourmets are willing to spend the money," he said.

Gugler is not alone in this opinion. Barakatullah Rahmati, the head of Afghanistan Red Gold Saffron Co. and one of eight saffron representatives who attended Gulfood, said that he is hiring more staff in light of increasing demand.

Last December, Afghan saffron won first place among 16 countries at a saffron exhibition in France. Now Afghanistan has won a new fan in Gugler, and the master chef is not surprised.

"Afghanistan is a region which has very rich soil and perfect ground to grow vegetables and fruits," Gugler said. "It's only about a proper strategy to export."

PERFORMANCE MANAGEMENT PLAN INDICATORS

TAFa-II Project Objective: Improved trade environment for Afghanistan, fostering increased investment, export, and market-based employment opportunities

USAID Afghanistan AO4³: *A developed business climate that enables private investment, job creation and financial independence*

USAID OEGI Afghanistan Mission PMP IR 4.2 addressed: *Policy, legal and regulatory framework for key economic development sectors*

USAID OEGI Afghanistan Mission PMP Sub-IR 4.2.2 addressed: *Trade regime reformed*

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFa II (Nov. 2012-Aug. 2013)	Definition/Notes
TAFa II Project Objective: Improved trade environment for Afghanistan, fostering increased investment, export, and market-based employment opportunities								
1	Growth in trade volume	Export and import, by border crossing, by country	ACD and Central Statistics Office (CSO) ⁶	Annual	\$7.8 billion in 1390	\$7.6 billion in 1391	Tracking only ⁷	Trade volume is defined as the licit trade value of goods and services brought into the country (import) and the value of goods and services sold in the foreign country or countries (export). Calculation: Total value of exports + total value of imports in a year.

³ TAFa contributes to these indicators in USAID's Afghanistan Mission Performance Management Plan (PMP).

⁴ Annual statistics gathered by GIRoA are reported in the Afghan solar calendar. Afghanistan operates on the solar calendar as opposed to the Western Gregorian calendar. The Afghan year 1390 corresponds to March 21, 2011, through March 20, 2012, and the Afghan year 1391 corresponds to the March 21, 2012, through March 20, 2013.

⁵ Actual results and targets cover TAFa II, the successor project of TAFa, only.

⁶ All official data on exports and imports come from ACD and Afghanistan's CSO.

⁷ The term "tracking only" means the indicators are for tracking purposes only. TAFa is not accountable for achieving this target, but it is critical for monitoring and reporting in the trade context.

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFI II (Nov. 2012-Aug. 2013)	Definition/Notes
2	Value of exports	By product, countries (particularly to U.S. taking advantage of Generalized System of Preferences (GSP))	ACD and CSO	Annual	\$375.8 million in 1390	\$318.1 million in 1391	Tracking only	<p>Value of exports here refers to the total value of Afghan licit goods and services sold in the foreign country or countries.</p> <p>Disaggregated by Country: Pakistan = \$120 million, India = \$79.3 million, Iran = \$21.4 million, UAE = \$16.8 million, China = \$10.2 million, Turkey = \$12.3 million, Russian Federation = \$8 million, Tajikistan = \$5.9 million, Uzbekistan = \$7.7 million, US = \$3.3 million, Turkmenistan = \$2.8 million, Kyrgyzstan = \$1.4 million, Others = \$29.3 million</p> <p>Disaggregated by Product (Q1, Q2 1391): 1. Edible fruit and nuts or melons and watermelons = \$29.2 million 2. Lac; gums, resins and other vegetable saps = \$17.7 million 3. Oil seeds and oleaginous fruits, seeds and fruit = \$10.06 million 4. Wool, fine or coarse animal hair horsehair yarn and woven fabric = \$6 million 5. Raw hides and skins = \$5.09 million 6. Coffee, tea, mate and spices = \$3.9 million 7. Edible vegetables = \$3.7 million 8. Salt; earths and stone; plastering materials; lime and cement = \$2.4 million 9. Carpets = \$2.2 million 10. Others = 52.9 million</p>

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAF A II (Nov. 2012-Aug. 2013)	Definition/Notes
3	Value of imports	By product, countries	ACD and CSO	Annual	\$7.4 billion in 1390	\$7.25 billion in 1391	Tracking only	<p>Value of imports here refers to the total value of goods or services that are brought into Afghanistan from other countries.</p> <p>Disaggregated by Country: Pakistan = \$1.47 billion, Iran = \$1.07 billion, China = \$1.03 billion, Uzbekistan = \$438 million, Russian Federation, 398 million, Japan = \$368 million, Turkmenistan = \$358 million, Germany = \$268 million, Kazakhstan = \$245.7 million, India = \$221 million, Malaysia = \$192.5 million, UAE = \$188 million, Turkey = \$154 million, US = \$129 million, Tajikistan = \$68 million, others = \$653 million.</p> <p>Disaggregated by Product (Q1, Q2 1391): 1. Mineral fuels = \$502 million 2. Vehicles = \$479 million 3. Iron and steel = \$385 million 4. Products of the milling industry = \$231 million 5. Animal or vegetable fats and oils = \$196 million 6. Electrical machinery and equipment = \$183 million 7. Cement, plastering materials; lime = \$179 million 8. Boilers, machinery = \$135 million 9. Man-made staple fibers = \$172 million 10. Wood and articles of wood = \$80 million 11. Others = \$1.2 billion</p>

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAF A II (Nov. 2012-Aug. 2013)	Definition/Notes
4	Change in World Bank's Doing Business "Trade Across Borders" Indicator	None	(http://www.doingbusiness.org/) World Bank Doing Business annual report	Annual	178 (2012)	178	177	The World Bank Doing Business annual report presents quantitative indicators on business regulations and the protection of property rights that can be compared across 185 economies over time. Note: Afghanistan ranked 183 out of 183 countries in 2009-10 in the Doing Business Report, but due to a reduction in "number of documents required for import and export," Afghanistan is ranked 179 out 183 in 2012 and 178 out of 185 countries in 2013.
IR 1:Trade Policy Liberalized								
Sub-IR 1.1: Improved government interagency coordination to advance and implement consistent trade and tariff policy								

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TFA II (Nov. 2012-Aug. 2013)	Definition/Notes
1.1.1	Number of consultative processes as result of TFA assistance	None	TFAA	Quarterly	0	14	10	<p>Negotiating and implementing agreements requires intense coordination and cooperation among ministries and state bodies as well as with stakeholders in private sector and civil society. Working groups (involving public and private sector stakeholders) for consultations on developing trade policies, negotiations strategies, streamlining trade procedures, and on preparing draft legislation will be captured under this indicator.</p> <p>Note: The following consultative processes held during this quarter:</p> <ol style="list-style-type: none"> 1. Working group on draft law on safeguard of domestic production 2. Working group on model procedure for national enquiry and information point 3. Working group on WTO/ question and answer consultation meeting 4. Working group to review animal and public health veterinary law 5. Working group to review animal and public health veterinary law 6. Working group on optical disk 7. Working Group on draft law protection of new varieties of plants 8. Round table for publication and usage of official trade and other statistics 9. Consultative process on new draft agreement of Pakistan Afghanistan and Tajikistan Transit Agreement 10. Consultative process on Afghanistan Customs Law at MOJ 11. Consultative process on revised services offer 12. Working group on goods offer –MAIL meat and poultry 13. Consultative process on Copyright Board 14. Consultative process on IC and TS law

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAF II (Nov. 2012-Aug. 2013)	Definition/Notes
1.1.2	Reduction in percent discrepancy between CSO and ACD statistics	Imports and exports	CSO and ACD	Annual	17% imports and 37% exports (1390)	3% export and 15% import (first two quarters of 1391)	10% both in exports and imports	<p>It is crucial to have reliable trade-related data for policy and planning. TAF II supports ACD and CSO to harmonize trade-related data between the two organizations. When TAF II started, the discrepancy between CSO and ACD on trade related data was 60% for imports and 80% for exports.</p> <p>Note: Based on statistics from ACD and CSO, the value of import and export in the first two quarters of 1391 are:</p> <p>ACD Import quarter 1 = \$1.965 billion ACD Import quarter 2 = \$1.884 billion CSO Import quarter 1 = \$2.145 billion CSO Import quarter 2 = \$1.378 billion ACD export quarter 1 = \$68.1 million ACD export quarter 2 = \$74.3 million CSO export quarter 1 = \$66.4 million CSO export quarter 2 = \$77.2 million</p> <p>CSO Data for quarter 3 and 4 of 1391 is not available.</p>

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFa II (Nov. 2012-Aug. 2013)	Definition/Notes
1.1.3	Preparation time of replies to WTO questions decreased	None	MoCI	Annual	4 months	1 month	2 months	<p>Preparation of negotiation documents, particularly replies to questions raised by WTO members, is a major challenge. It requires significant coordination and cooperation among state bodies. This indicator will reflect progress made among ministries and state bodies in resolving issues more quickly and in responding more rapidly to WTO questions through increased coordination and cooperation in formulating trade policies.</p> <p>Note: TAFa worked closely with the GIRoA to guide it in providing clear, complete, and accurate replies to questions raised by WTO members following the country's third Working Party meeting. It took 1 month for Afghan government to reply EU questions.</p>
1.1.4	Trade-related procedures and fees by various ministries and state bodies available online on a single website for traders	None	MoCI	Annual	No	Yes	Yes	<p>Most trade procedures (including required documents) and fees are not publicly available for traders. A comprehensive inventory published on a single website will ensure greater transparency and reduce the cost of trade. This initial step is an indication that ministries are willing to cooperate on publicly sharing information on the implementation of trade policy.</p> <p>Note: All trade related procedures and fees are available on MoCI website.</p>

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
1.1.5	Tariff setting mechanism involving key stakeholders	None	MoF/MoCI	Annual	No	Partial	Yes	<p>Currently, the Minister of Finance is exclusively in charge of setting tariff rates without any consultation with stakeholders. It is critical to involve other relevant ministries and ensure proper consultations with stakeholders (including the private sector) prior to the determination of tariff rates. Putting such a mechanism in place will ensure greater cooperation and coordination</p> <p>Note: During the reporting period, TAFE continued to facilitate dialogue between MoCI, ACD, and MoF regarding the tariff setting process. TAFE organized a roundtable involving all aforementioned stakeholders to discuss best practices and build consensus. All parties now agree that the involvement of the following ministries is required under the framework of a tariff council (or committee): MoCI, ACD, MoF, Ministry of Mines, Ministry of Economy, and MAIL. A proposal in draft amendments to the Customs Law was submitted to MoJ for the inclusion of the involvement of key stakeholder sin tariff setting.</p>
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No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
IR 1.2: Assist Afghanistan and other countries in the region in negotiating and implementing bilateral and regional trade agreements and WTO accession requirements								
1.2.1	Number of launched or signed initiatives on regional integration	None	MoCI	Annual	0	5	2	<p>Afghanistan is interested in deepening and expanding regional integration through negotiating new, and joining existing, agreements (bilateral and regional) related to trade, investment, economic cooperation, transport, and transit. This indicator will capture initiatives (agreements and MoUs) launched (or signed) in this regard during the period of performance of TAFE.</p> <p>Note: During the reporting period, with TAFE support, the following initiatives we launched or signed:</p> <ol style="list-style-type: none"> 1. Trade and Transit Agreement Afghanistan-Turkmenistan 2. Trade and Transit Agreement Afghanistan-Uzbekistan 3. Memorandum of Understanding between Afghanistan and Tajikistan on Transit Agreement 4. Memorandum of Understanding between Afghanistan and Kyrgyzstan on Transit agreement 5. Mutual Cooperation (Assistance) Agreement: Afghanistan and Tajikistan
1.2.2	Volume of trade with SAFTA member countries	By SAFTA member countries	ACD	Annual	\$1.9 billion in 1390	\$1.9 billion in 1391	5% increase in trade	<p>Trade here refers to export/import of goods and service from/to SAFTA member countries. This indicator covers the increase in value of Afghanistan's trade with SAFTA member countries taking advantage of SAFTA.</p> <p>Disaggregated by Country: Pakistan = \$1.6 billion, India = \$300 million, Nepal = \$2.9 million, Bangladesh = \$1.7 million, Sri Lanka = \$0.7 million</p>

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
1.2.3	Weighted average tariff level with SAFTA countries	None	ACD	Annual	6.4 % in 1390	5.5%	6.2%	Weighted average tariff is share of total duties collected to total value of import. This indicator is measuring import from SAFTA countries to Afghanistan. The lower the tariff, the more imports are coming Note: Based on statistics from ACD, in the last quarter of 1391, the weighted average tariff level with SAFTA countries is 5.5%
1.2.4	Number of sensitive tariff lines of Afghanistan under SAFTA	None	ACD	Annual	857	850 (1391)	800	Goods on the sensitive list are exempted from free trade arrangement with the SAFTA countries. Broader, deeper trade liberalization is achieved by reducing the number of goods on the sensitive list. TAFE assisted in reducing the list in 2011-2012 from 1,072 to 857. Note: During 1391, the number of sensitive tariff lines further reduced from 857 to 850.
1.2.5	Number of WTO working party, bilateral, and plurilateral meetings held toward accession to WTO	None	TAFE	Annual	0	6	8	Holding Working Party meetings and bilateral/plurilateral negotiations is indicative of progress made toward WTO accession, greater liberalization, and improvement in the policy, legal, and institutional aspects related to Afghanistan's foreign trade regime. Note: TAFE supported Afghanistan's third WTO Working Party meeting and bilateral negotiation meetings with the US, Norway, Canada, the EU, and Japan in Geneva on the basis of the revised market access on services. Also, at the margins of TIFE in Washington, Afghanistan and US held a third round bilateral negotiations on services and second round of bilateral negotiations on good focusing on non-agricultural goods

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
1.2.6	Number of documents submitted to the WTO in support of Afghanistan's accession	Type	TAFE and MoCI	Quarterly	10	14	10	<p>This indicator captures the effort made by Afghanistan to support its WTO accession process. This includes replies to questions/enquiries, conformity charts, notifications, offers and revised offers, special documents, and legislation (including drafts)</p> <p>Note: During this period, the following documents submitted to WTO:</p> <ol style="list-style-type: none"> 1. Law on Safeguards (new) 2. Law on Foreign Trade in Goods (new) 3. Amendments to the Regulation on Legislative Drafting Procedure 4. Amendments to the Law on Publication and Enforcement of Legislation of 1998 5. Amendments to the Law on Trade Marks Registration of 1 September 2009 6. Amendments to the Law on Supporting the Rights of Inventors 7. Procedure on Advance Origin Rulings 8. Procedure on CVA Interpretative Notes 9. WTO Agriculture Agreement, the WT/ACC/4 10. Initial offer on goods 11. Reply to WTO questions 12. Replies and clarifications to 158 questions raised by the US on bilateral basis 13. Replies to four bilateral questions from India 14. Final answer to questions from the EU and China Taipei

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
1.2.7	Number of WTO-related legal acts advancing through the legislative process	None	TAFE and MoCI	Quarterly	0	11	10	<p>Bringing the legal framework in line with WTO agreements is a pre-condition for becoming a WTO member. Legal reform in line with WTO requirements will establish a conducive environment for trade and investment; reduce the cost of doing business, and lower opportunities for corrupt practices. In addition, it will provide businesses with guaranteed and rapid access to administrative appeals and judiciary. This indicator will capture progress made in the legislative process when draft laws (including amendments) and sublegal acts (regulations, orders) move from one stage to another.</p> <p>Note: During this period, the following WTO related legal acts advanced through the legislative process:</p> <ol style="list-style-type: none"> 1. Customs Valuation Regulation 2. Food Law 3. Patent Law 4. Optical Disk Law 5. Copyright Law 6. Procedure on Advance Ruling on Binding Decision 7. Intellectual Property Border Enforcement Regulation 8. Regulation on the Procedure of Preparation and Process of Legislative Documents 9. Geographical Indication law 10. Industrial Design Law 11. Customs Law

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TFA II (Nov. 2012-Aug. 2013)	Definition/Notes
1.2.8	Number of draft legislation prepared/finalized at the Ministerial level with TFA support	None	TFA and MoCI	Quarterly	0	8	5	<p>This captures the number of new draft laws and sublegal acts (including amendments) which will be prepared with the assistance of TFA.</p> <p>Note: During this quarter, the following four draft legislations were prepared/finalized at Ministerial level:</p> <ol style="list-style-type: none"> 1. Publication Law 2. Regulation Draft Procedure 3. Trademark Law 4. Civil Procedural Law 5. Trade Secrets Law 6. Integrated Circuits Law 7. Optical Disks Law 8. Consumer Protection Law
1.2.9	Number of WTO-related institutional reforms launched with TFA support	None	TFA	Annual	0	6	5	<p>Acceding to the WTO requires the establishment of new institutions related to customs, trade, SPS, TBT, and intellectual property. This captures institutional reforms launched by Afghanistan with the support of TFA.</p> <p>Note: With TFA support, the following WTO related institutional reforms launched:</p> <ol style="list-style-type: none"> 1. SPS Notification and Enquiry Point 2. TBT Notification and Enquiry Point 3. Establishing a Trade Remedies Unit at MoCI 4. Establishing a Food Control Authority 5. Advancing Ruling Unit at ACD 6. Intellectual Property unit at ACD

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAF II (Nov. 2012-Aug. 2013)	Definition/Notes
IR 2 : Custom Reforms Instituted								
2.	Growth in customs revenue	Overall and per border crossing	ACD	Quarterly	\$993 million	\$894 million in 1391	Tracking only	A customs duty and tax refers to tax on the importation and exportation of goods collected by custom houses. Disaggregated by Province: Herat = \$280 million, Nangarhar = \$186 million, Balkh = \$139 million, Nimroz = \$87 million, Jawzjan = \$59 million, Kabul = \$58 million, Kandahar = \$31 million, Others = \$55 million
Sub-IR 2.1: Improved customs procedures to reduce delays and costs for compliance with customs requirements								
2.1.1	Number of ICDs adopting customs streamlined procedures	By ICD	ACD	Quarterly	4 (Jalalabad, Kandahar, Herat, and Sher Khan Bandar) 2012	1	1	Customs streamlined procedure refers to simplification of customs clearance process for both import and export by eliminating unnecessary steps, procedures, and documents. Improving and streamlining clearance procedures. Note: All ICDs have received instructions from ACD headquarters to implement the agreed customs blueprint. TAF II national advisors are monitoring implementation at Hairatan, Jalalabad and Herat, with plans to visit other locations

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
2.1.2	Customs processing times reduced (overall and at key ICDs)	By ICD	ACD	Annual	7 hours	3 hours 27 mins	6 hours	This indicator refers to number of days required for customs processing of goods (both import and export at key borders. This indicator is required by contract but it has been slightly reworded for greater clarity. Note: During this period, TAFE monitored clearance times at 5 key ICDs, Herat, Jalalabad, Aquina, Sher Khan Bandar and Hairatan, timing 11 separate declarations as they passed through the system, identifying 3 hours and 27 minutes average clearance time per declaration.
2.1.3	Number of steps eliminated at ICDs and BCPs	By import and export	ACD	Annual	0	3 (import)	5	Elimination of customs procedures means time and cost savings for exporters Elimination here refers to when a step is removed from customs procedures and not practiced anymore at that ICD or BCP. Note: During this reporting period, risk management was introduced at KIA, which resulted in the removal of three steps from the system for green lane imports.
2.1.4	Monetized value of reduced steps	Export and import and custom house	TAFE	Annual	0	\$10.2 million (Herat ICD) \$1.1 million (Kandahar) \$0.8 million (KIA)	Tracking only	Monetized value is a financial measurement of a reduced steps, document, or procedure. Note: During this reporting period, TAFE conducted a study on the monetized benefits of implementation of customs streamlined procedures at Herat and Kandahar ICDs and KIA. The study showed \$10.2 million in Herat, \$1.1 million in Kandahar and \$0.8 million in KIA saved as a result of removing steps from the process.

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
2.1.5	Number of ICD locations and key borders monetized	By border and ICD	TAFE	Annual	0	3 (Herat, Kandahar, KIA)	5	Monetized value is a financial measurement of a reduced steps, document or procedure. Note: TAFE monetized and monitored implementation of customs streamlined procedure at Herat, Kandahar, and KIA.
2.1.6	Number of BCPs where BMM rolled out	By BCP	ACD	Quarterly	3 (Hairatan, Sher Khan Bandar, and Islam Qala)	0	Tracking only	The BMM allows for information sharing between the ACD and ABP and establishes roles and responsibilities for both agencies in the customs and immigration processes. Note: ACD and ABP are in discussion regarding the roll out of the BMM to Torkham and Weish BCPs. SOPs are drafted and under discussion. Until SOPs are finalized centrally, the roll out to additional locations will be on hold.
2.1.7	Number of ICDs adopting risk management system in customs clearance process	By ICD	ACD	Quarterly	1 (KIA)	0	4	Risk management in the cargo verification process will enhance customs compliance measures without unfairly impeding legitimate traders. This activity will start from 2012 onward.
2.1.8	Number of intelligence units established at ICDs	By ICD	ACD	Annual	0	0	4	During the reporting period, TAFE reached an agreement with the ACD Enforcement Directorate to identify regional intelligence officers from the mobile verification teams in four main locations – Herat, Jalalabad, Mazar, and Kandahar.

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
2.1.9	Number of intelligence profiles generated by ACD's Intelligence Unit	None	ACD	Quarterly	66	25	80	Intelligence profiles are an important tool that aids trade facilitation while ensuring compliance. Note: TAFE assisted the ACD intelligence unit in the development of 25 profiles in a quality assurance role, making sure that the appropriate principles are adhered to. In the coming period, TAFE will assist in the analysis and subsequent modification, or fine tuning, of profiles in use at KIA cargo
2.1.10	Number of permanent professional positions allocated for women within ACD	ACD	ACD	Annual	0	1.	20	In line with the Tokyo Mutual Accountability Framework and the National Action Plan for Women, TAFE will support ACD in meeting benchmarks related to increasing female participation in elected and appointed bodies at all levels of governance to 30 percent by 2020. Note: One woman was appointed as the grade two director for Kabul ICD, but resigned after one week to take up a post in the Revenue Department. The Minister of Finance has agreed (verbally) to allocate 20 positions for women in the 2014 organizational structure, but this is yet to be confirmed in writing.

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TFA II (Nov. 2012-Aug. 2013)	Definition/Notes
2.1.11	Number of female interns completing a six-month internship in ACD	ACD	ACD	Annual	0	0	20	TFAA partnered with the USAID-funded WIG program to implement an internship program at ACD for university women to undertake. Note: With TFAA support, 20 female university graduates began internships on February under ACD's new internship program for women. The women began six-month internships that will enable them to work in the different components of ACD and will pave the way to possible permanent positions for them in the government agency. These 20 female interns will complete their internships by end of July 2013.
Sub-IR2.2: Improved speed and efficiency of transit and transportation of goods								
2.2.1	Number of ICDs where e-money payment system introduced	By ICD	ACD	Annual	0	0	4	TFAA will implement solutions to use e-money for automated payment of transit fees and guarantees, to quickly facilitate trade while removing redundant steps for cash payments. Note: In February, as a result of TFAA's work, DAB approved SOPs that TFAA developed. With TFAA support, ACD will pilot the electronic payment system at KIA for four weeks. The system will then be rolled out to the Kabul ICD, Jalalabad ICD, and Kabul ICD.
2.2.2	Number of impediments eliminated to cross-border trade with Pakistan and other countries in the region.	By country	ACD	Annual	0	0	3	During this period, USAID and TFAA visited Uzbekistan, Tajikistan, and Pakistan to identify potential regional cooperation, harmonization and integration. TFAA will continue further discussions to find impediments to cross-border trade with these countries and suggest solutions for elimination.

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
2.2.3	Number of CTCC meetings held to provide interaction between private sector including women-owned business and customs	By location	TAFE	Quarterly	0	1	4	The initial CTCC meeting was held in December with ACCI, to confirm the terms of reference for future meetings. TAFE will assist ACD in organizing further meetings during the next reporting period
IR 3: Trade Facilitation Strengthened								
3.	Increase in trade with CAR member countries	By country, export product	ACD and CSO	Quarterly	\$1.1 billion	\$1.1 billion in 1391	Tracking only	This includes total value of trade with Uzbekistan, Tajikistan, Kazakhstan, and Turkmenistan. Disaggregated by Countries: Uzbekistan = \$446 million, Turkmenistan = \$361 million, Kazakhstan = \$246 million, Tajikistan = \$74 million
Sub-IR 3.1: Increased management capacity of private-sector production and marketing enterprises								
3.1.1	Value of export sales increased by project-supported firms	Women-owned or -managed businesses; By sector	Project survey, focus groups, interviews with project-supported firms, supplemented by financial statements when possible	Quarterly	0	\$374,450	5%	Export sales value based on what is invoiced to the client; value of executed contracts. Note: Afghanistan Red Gold Saffron Company signed two deals and has sent an initial quantity of 50 kilograms of saffron worth \$70,000 to CEAE Saffron in Spain and is arranging to send an initial 10 kilograms of saffron worth \$14,450 to Alla Terza in Italy. Another contract was signed on supply of 200 kilograms of saffron worth \$290,000. ⁸

⁸ These deals occurred in April 2013.

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAF A II (Nov. 2012-Aug. 2013)	Definition/Notes
3.1.2	Number of firms receiving project-supported capacity-building assistance to increase exports	Women-owned or -managed businesses	Project reports (as validated by firms)	Quarterly	0	41 (including one women-owned firm)	20	Any firm participating in any export partnerships activities Note: During this reporting period, TAF A supported the participation of 7 firms in Gulfood exhibition and conducted an access to finance workshop for 34 marble firms in Herat, Afghanistan.

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
3.1.3	Number of technical assistance and capacity-building activities provided to firms and trade promotion agencies	Women-owned or -managed businesses	Project records (including training sign-in sheets)	Quarterly	0	4	5	<p>Market research, short-term technical assistance to government and/or private-sector beneficiaries, study tours and international trade fairs/exhibitions, exporter training sessions</p> <p>Note: During the reporting period, TAFE provided the following technical assistance and capacity building to private sector and EPAA:</p> <ol style="list-style-type: none"> 1. Conducted an assessment of current training needs of EPAA specialists as part of TAFE's capacity building program. 2. TAFE facilitated participation of saffron firms at Dubai Gulfood exhibition. 3. TAFE, in coordination with FAIDA conducted a roundtable to provide marble companies with the opportunity to exchange viewpoints in identifying the potential opportunities linked with both capital market as well as product international market. 4. TAFE conducted a workshop on Gulfood result achievements and lesson learned workshop to build capacity of EPAA

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
Sub-IR3.2: Improved coordination and collaboration of private-sector engagement through Central and South Asia								
3.2.1	Number of new contracts between local producers and CAR vendors	Women-owned or -managed businesses	Firms' invoices	Quarterly	0	0	2	Note: TAFE will support participation of Afghan firms in AgroWorld and WorldFood Exhibition on April 3-5 in Tashkent, Uzbekistan. As a result, more opportunities will be created for Afghan producers and CAR vendors to start business.
3.2.2	Number of TAFE-sponsored activities aimed at engaging Central Asian and Afghan women to the economy	By sector; gender	Project records	Monthly	0	1	3	Activities include grants, technical assistance, research papers, business training, trade fairs and conferences etc. Note: During this period, TAFE supported a USAID/REC visit to Kabul. TAFE will also support participation of Afghan businesspeople in AgroWorld and WorldFood Exhibition in Tashkent and White City – Ashgabat during next quarter.
3.2.3	Number of regional trade events attended by Afghan firms	By country, women-owned business, participants (male and female)	Project records (including training sign-in sheets)	Quarterly	0	1	2	TAFE will identify regional trade events in the CAR that Afghan firms can attend, offering tremendous opportunities for networking and identifying possible business partners. These events will help identify new markets for Afghan goods and give Afghan businesses the opportunity to identify the standards they need to compete in the CAR market. Note: During this reporting period, TAFE supported the participation of Afghan saffron firms at the Gulfood Exhibition in Dubai.

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAFE II (Nov. 2012-Aug. 2013)	Definition/Notes
Cross-Component Indicators:								
1	Number of USG-supported training events held that relate to improving the trade and investment environment and number of participants	Gender, location, organization	Project records (including training sign-in sheets)	Quarterly	0	26	33	<p>Training is defined as: a TAFE-led training activity (training event) that is related to improving the trade environment. The term "training" refers to an activity that takes place in Afghanistan or another country that is intended for teaching or providing knowledge and information on a specific topic.</p> <p>Note: During this reporting period, TAFE held 26 training workshops in Kabul with the participation of 609 (157 female and 452 male) people from the government and private sector.</p>
2	Number of person-days of training of key personnel in trade and customs	Male and Female, location	TAFE	Quarterly	0	356	1,400	<p>Key personnel are defined as any female and male personnel who are targeted for training and receive training. A person day is a 7-hour day of training received by one person.</p> <p>Note: Male = 259 person-days Female = 97 person-days</p>
3	Number of public events held to discuss trade and business policy matters with stakeholders and public	Type of event, location, organization	TAFE	Quarterly	0	28	30	<p>A public event is defined as a TAFE-led and/or supported trade-related activity such as: conference, seminar, coordination meeting, working group meeting, trade-related fair, round table session, consultative process, trade forum, presentations to major gatherings of university students, a public-private partnership event, launch of trade campaign, presentation to Parliament members or Ministries, other key trade gathering.</p> <p>Note: All events conducted in Kabul; 325 (253 male and 72 female) people participated in these events.</p>

No.	Indicator	Disaggregated by	Availability of Data/Source	Timing ⁴	Baseline	Actual (Fourth quarter of 2012 and first quarter of 2013) ⁵	Target for TAF A II (Nov. 2012-Aug. 2013)	Definition/Notes
4	Number of new policies, strategies, procedures and other management tools developed for counterparts with TAF A technical assistance.	By type	TAF A	Quarterly	0	12	13	<p>During this period, TAF A provided technical assistance to counterparts in development of following documents management tools:</p> <ol style="list-style-type: none"> 1. Developed strategy for the EPAA to grow Afghanistan's saffron industry 2. Developed proposal of an organizational structure for the establishment of Afghan competition authority under MoCI which includes staffing needs, staff qualifications and job descriptions, operating procedures and information technology needs 3. Developed terms of reference for the CTCC 4. Drafted a station profile for the KIA cargo terminal 5. Established biometric attendance system at ACD headquarters 6. Developed job descriptions for ACD's new recruitments under ACD restructuring program 7. Developed procedural guidelines for the Customs Arbitration Committee under MoF 8. Developed strategy for ANSA to strengthen national laboratories and related aspects such as the certification and inspection of products 9. Developed templates for EPAA to help Afghan enterprises create detailed profiles that will help them promote their products and attract investments. 10. Developed pocket notebook policy for ACD 11. Developed SOPs for implementation of electronic payment of customs duties 12. Developed training materials to build the capacity of EPAA staff